

The complaint

Mr M complains that HSBC didn't send him confirmation of an agreement he had reached with it to repay his outstanding credit balances. As a result of this, he couldn't borrow further sums which he said would have allowed him to manage his finances better.

What happened

Mr M had some existing debt with HSBC, this was comprised of a loan, an overdraft, and a credit card. He was having problems repaying this, and some repayment problems with other credit and utility bills that he had. Because of this, in 2024, he was trying to arrange a further mortgage on his property which he said would have allowed him to use the equity he had.

Mr M says he could have used the further borrowing to repay his existing debt, and he would have been able to manage his finances better going forward. And he could have avoided (at least some of) the problems he now has due to his debt.

In February 2024, Mr M agreed with HSBC that he would repay half of the balances of his outstanding loan and overdraft. He also had a credit card and he wanted to come to the same kind of arrangement with this, but he couldn't do this at the same time as the card was already subject to a default.

Mr M says that he subsequently reached a similar agreement with HSBC in respect of the credit card. HSBC say that it wasn't agreed that he would repay a lower balance for this account.

To arrange the new mortgage Mr M needed information about his existing debts. As he was arranging to pay lower amounts than the debts initially were, he asked HSBC to provide written confirmation of the amounts he owed. He says that HSBC didn't do this in a timely manner, and this prevented him from obtaining the further borrowing he needed. He has complained to HSBC on this basis.

HSBC has considered Mr M's complaint, and it has upheld it in part. It said that it should have sent Mr M confirmation about the agreements reached in respect of the loan and the overdraft in good time, and it has paid £200 compensation as it didn't do this.

Mr M hasn't agreed with this, and he has brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't uphold Mr M's complaint. He said that the evidence he had didn't show that HSBC had reached an agreement to repay only a proportion of his credit card (even though it did for his loan and overdraft). And so, it couldn't have provided this information. He didn't think that HSBC had done anything wrong, other than providing some information too slowly, but the compensation already paid was reasonable for this delay.

Mr M didn't agree. He still thought an agreement was reached to pay a lower amount to his credit card. But even in the absence of this, his mortgage broker had said that if HSBC had acted promptly, a mortgage could still have been arranged.

Our Investigator reconsidered Mr M's complaint. He said it was established after listing to all the telephone calls, and looking at the written information, that it couldn't be properly shown that HSBC had agreed to write off some of Mr M's credit card debt. He acknowledged that the mortgage broker Mr M used thought that he would have been able to obtain the mortgage if information from HSBC had been supplied. But he didn't think it was certain that Mr M could have secured the mortgage.

Mr M hasn't agreed with our Investigator. He has said that:

- He maintains that a settlement was reached for all three of his HSBC accounts, but he did accept there was no evidence of an agreement for the credit card.
- But even without an agreement for the credit card he would still have been able to obtain the mortgage he wanted. He needed around £10,000 to repay all the HSBC debt and he could have arranged this if HSBC had provided better information.
- The mortgage loan was with the underwriting team, and it needed confirmation of the total amount of debt from HSBC. When this did not arrive, it was not underwritten.

He said he has suffered catastrophic financial consequences due to HSBC's errors and he should receive compensation for this. As no agreement has been reached this complaint has been passed to me to issue a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'll firstly say that I have considered all the evidence provided. I won't refer to all of it here as I don't think I need to, to say why I am making the decision I have. And for the same reason I won't necessarily refer to all the points that Mr M has made. This is not to say that I haven't considered them, but I don't need to refer to each point made to reach a conclusion about whether HSBC has acted fairly and reasonably here.

Mr M said that he reached an agreement whereby HSBC would 'write off' some of the amounts he owed on his overdraft, loan, and credit card. There is no disagreement that this did happen in respect of the overdraft and loan, but it isn't established that HSBC agreed to reduce the balance of his credit card.

I have noted all the correspondence, and the telephone calls on this issue. I won't detail them here as Mr M, whilst he disagrees, accepts that the evidence that is available doesn't show that HSBC agreed to write off some of his outstanding credit card balance. So, I don't think it did agree to do this.

The crux of the complaint is about the information HSBC provided to Mr M. He thinks that he would have been able to obtain a mortgage if it had provided better information to him. And HSBC accepts that it should have provided better information about the amounts that Mr M owed to it. So, the main issue in this dispute is whether it can be established that it's likely Mr M would have been able to arrange a mortgage if HSBC had provided better information.

Mr M has provided evidence from his mortgage broker which indicates the lending would be dependent on it being fully determined what Mr M owed. In this case he would need to

provide confirmation of the amounts (and the adjusted amounts where applicable) that he owed HSBC.

Clearly HSBC should have provided this. Even if I accept that Mr M's debt situation was complex, and was in a state of change, HSBC should have communicated better here, and it has accepted that this was the case. It has paid £200 compensation for this which, for not providing information in a timely manner, I consider to be reasonable.

Mr M said that this error led to some significant consequential losses, and I've also considered if it can be established if this was the case.

Mr M has sent communications from his mortgage broker which show the broker believes that the loan would have been accepted if further information had been provided by HSBC.

The broker has said that he was a specialist in lending where a person's credit history is impaired. And he worked closely with lenders and undertook some of the underwriting himself to ensure that a proposed mortgage was likely to proceed when it was sent to a lender. The broker thinks that if HSBC had provided the information that it should have done, then the lending would have been accepted, even if the information from HSBC had been supplied.

But as a starting point the broker requesting that Mr M provide documented evidence about his other debts is the kind of information I would expect to be provided to any mortgage lender as a matter of course. This would be to allow the lender to consider if it wanted to lend the money.

The mortgage lender was clearly considering this application. But this is some distance short of it underwriting and approving the loan. The fact that it may have been considering a loan based on the indicative information supplied to the lender doesn't mean it would have been accepted.

The main reason I think this is not certain is because Mr M's financial situation was precarious and changing over time. Shortly after the application was submitted Mr M's credit card was subject to a default. And this may have also negatively affected his prospects of obtaining new lending. Even if this was for a lower or different amount than he initially wanted (to simply cover just the HSBC lending).

So, I'm not persuaded that even if Mr M had been able to provide the further information that the broker thought was needed, that the loan would have been underwritten and approved. And I've not seen anything from the lender itself that shows it would have accepted the mortgage on receipt of this further information.

Mr M has said that he wouldn't have experienced financial problems going forward if HSBC had acted correctly. And he thinks that HSBC should pay compensation on the basis that it was a cause, or contributory factor, in the problems he has had.

But Mr M has provided detailed information about his financial situation, and I can see that he was having problems repaying his credit and utilities before he tried to arrange the mortgage in 2024. It seems reasonable to say the problems started in 2023 when he struggled to repay his council tax and an attachment to his earnings was made. Mr M has had some significant repayment problems, over several areas, since then. And he has detailed how this has negatively affected his life.

Mr M clearly feels that further borrowing, with perhaps more manageable repayments could have helped alleviate some of this. And of course this could have been the case. But the fact

that he couldn't obtain further borrowing isn't the root cause of the problems he has, these are caused by his financial situation overall and the problems he had before he tried to arrange the remortgage. And it's not certain that further borrowing would have remedied this.

I'm saying this as I'm not persuaded that even if I were able to say that HSBC should have provided further information, and this would have led to the further borrowing being arranged, that compensation should be based on Mr M not facing the problems he did. I don't think I can reasonably say this would be the case, and there is no way to determine what, if any, of the money problems Mr M faced were caused by the lack of further borrowing or his existing financial problems.

I appreciate that Mr M's financial situation is problematic and that this will not be the answer he hoped for. But I'm not upholding this complaint and I hope that it doesn't cause him too much distress.

My final decision

For the reasons set out above, I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 April 2025.

Andy Burlinson
Ombudsman