

## The complaint

A company, which I'll refer to as N, complains about delays and poor customer service when it applied for a loan from HSBC UK Bank Plc.

## What happened

In June 2024, N applied to HSBC for a loan through the Recovery Loan Scheme (RLS) and the bank confirmed that the application had been received. Later in the same month, the bank said it couldn't find the application. A few days later, N was told the RLS scheme had closed but further information was requested so that the bank could look at the loan as an exception. HSBC asked for a new application in mid-July 2024, then for further information from N.

Early in August 2024, N complained to HSBC about the delays and the bank apologised. The bank then told N that its application had been accepted subject to conditions. During August and September 2024, there were exchanges between the parties about the lending requirements and information about the loan set-up, and N chased the bank about progress several times. Towards the end of September 2024, a facility letter had been drafted, but a new application was required because of a change in the lending rate. The new forms were received from N in early and mid-October 2024.

N complained to HSBC again in September 2024. Its director said that as a result of the delay, cash flow had become dangerously low, to the point that he thought the business might have to close.

By the end of October 2024, a new facility letter was issued. There were some complications regarding the exact amount of the borrowing, and then about the lending terms, which were quickly resolved. Other delays followed in November and December, about know-your-customer requirements and the arrangement fee.

Responding to N's September 2024 complaint, HSBC said that as N hadn't previously been its customer, the bank had no financial history on the company, which can significantly increase the timescale of providing borrowing. But the bank said the process was taking longer than it would have liked and it apologised for the inconvenience.

N wasn't happy with the bank's response to its complaint and referred the matter to this service.

The loan was finally drawn down on 30 December 2024 under the Growth Guarantee Scheme, which was the successor scheme to the RLS.

HSBC accepted there had been some avoidable delays in their processes and offered to reimburse the arrangement fee of £375.01 as compensation for the inconvenience.

After considering the evidence, our investigator thought that much of the delay was unavoidable and the bank's offer of compensation was reasonable for the avoidable delay. She gave the following reasons, in summary:

- N wasn't an existing customer of HSBC, which needed to conduct know-your-customer checks and to make sure the lending was serviceable. HSBC also had to consider the government guarantee and the British Business Bank's criteria for lending under the government-backed scheme.
- The investigator was satisfied that the application was being processed at all times and there was no significant delay in the application being moved to the correct areas of the bank.
- Not all the delays were caused by HSBC.
- N didn't receive regular updates, and when the bank did make contact, it was seeking more information. The investigator could understand why this was frustrating for N's director.
- The investigator noted that the interest rate moved in N's favour during the application process, which will benefit the company for the duration of the lending.

N didn't agree with the investigator's conclusions. Its director made the following points, in summary:

- The loan was to recruit staff to deal with acquisition of another business. Not having the resource led to deterioration in customer service. Growth was also impacted because all resources were needed to focus on current workload rather than to allow the director to grow the business.
- Seven months to wait for a loan is excessive for a small business.
- What was most disappointing was the lack of customer care, which justified an apology.

### **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.

Having done that, I've reached the same conclusions as the investigator, and for largely the same reasons. I have little to add to her points summarised above.

N wasn't a previous customer of HSBC and the loan application was being processed alongside N's acquisition of another business, which meant that the bank's assessment wasn't always simple. And there was some bad luck – such as the necessary switch between government-backed loan schemes, and the disruption caused by falling exchange rates (although, as the investigator pointed out, N benefitted financially from that change). These general difficulties caused delays which were the fault of neither party.

The bank has apologised more than once for its avoidable delays. But having looked at the timeline of events, I can see that there were avoidable delays on both sides, and N's director has acknowledged this. In the circumstances, I don't think it would be fair to hold HSBC responsible for any impact on the growth of N's business.

I appreciate that N's director was frustrated that the bank didn't update him often enough on the progress of the application. But I don't think the communications shortcomings caused N any financial losses.

Given the general difficulties inherent in the situation, which were nobody's fault, and the fact that both parties caused delays, I conclude that the bank's apologies and its offer to refund the arrangement fee are enough to settle this complaint fairly.

### **My final decision**

My final decision is that I require HSBC UK Bank Plc to pay £375.01 to N.

Under the rules of the Financial Ombudsman Service, I'm required to ask N to accept or reject my decision before 17 November 2025.

Colin Brown  
**Ombudsman**