

The complaint

Mr O complains that HSBC UK Bank Plc issued a Default Notice against his personal loan whilst he was in a payment break.

What happened

In March 2023 Mr O opened a personal loan account with HSBC.

In May 2024 Mr O contacted HSBC to advise that his personal circumstances had changed. A payment plan for two months was agreed.

On 17 July 2024 HSBC wrote to Mr O to advise that the payment break was due to expire. Mr O contacted HSBC to advise that his circumstances hadn't changed. A payment plan for six months was agreed.

On 6 August 2024 HSBC issued a Default Notice. On 28 August 2024 HSBC issued a Final Demand.

Mr O contacted HSBC on 5 September 2024 to complaint about the Default Notice and the Final Demand. He said he'd been misled on the call on 17 July 2024 when he agreed the payment break because the advisor told him the account wouldn't be defaulted.

HSBC didn't uphold the complaint. It said the advisor had made Mr O aware during the call that he could expect a Default Notice and a Final Demand.

Mr O remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that HSBC had informed Mr O that the account could be defaulted and said that the bank had sent the Default Notice and the Final Demand in accordance with its obligations under the Consumer Credit Act.

Mr O didn't agree. He said he was misled during the call on 17 July 2024 and said he wouldn't have entered the payment plan if he'd been advised that his account would be at risk of default. Mr O said that the information given to him on the call hadn't been clear or accurate.

Because Mr O didn't agree I've been asked to review the complaint.

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 know it will disappoint Mr O but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to

comment on it in order to reach what I think is the right outcome.

I've listened to the call dated 17 July 2024. During the call Mr O explained that this financial circumstances hadn't improved. HSBC offered to extend the payment break for a further six months. The advisor explained to Mr O that a payment break didn't mean that arrears wouldn't continue to accrue on the account or that the account wouldn't default. The advisor told Mr O that he could expect to receive a Notice of Default and a Final Demand if the account wasn't brought up to date.

HSBC issued a Notice of Default on 6 August 2024 giving Mr O until 27 August 2024 to bring the arrears up to date. At that time the balance on the account was £14,412.08 and the arrears were £919.92.

I've reviewed the account and I can't see that Mr O made any payments to bring the account up to date within the timescale specified in the Notice of Default. HSBC issued a Final Demand on 28 August 2024.

Based on my review of the call, I'm satisfied that Mr O was given clear and accurate advice about the continued accrual of arrears during the payment break and the possibility of the account defaulting if the arrears weren't brought up to date. I'm unable to say that HSBC provided Mr O with incorrect advice.

Mr O has said that he didn't receive the Notice of Default. I've reviewed the Notice of Default and I can see that it correctly addressed to Mr O at the address held on file for him by HSBC. I can't say why Mr O didn't receive the Notice of Default but I'm not persuaded that the non-receipt was due to an error by HSBC.

Taking everything into account I'm unable to say that HSBC has made an error or treated Mr O unfairly. I haven't found any evidence that HSBC misled Mr O on the telephone call dated 17 July 2024 and the Notice of Default and Final Demand have been sent in accordance with the relevant legislation and to the correct address.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 6 April 2025.

Emma Davy
Ombudsman