

## **The complaint**

Mr G complains that HSBC UK Bank Plc hasn't dealt reasonably with him since his account fell into arrears.

## **What happened**

Mr G's original complaint included a number of issues, some of which we don't have the power to consider because they were brought to us too late. My decision dated 21 March 2025 explains what parts of Mr G's complaint we can't consider and why. So, in this decision I'll only address the parts of Mr G's complaint we can consider. But I'll mention other issues in this section of my decision to give greater context.

In June 2020 Mr G took a residential mortgage with HSBC for approximately £79,000, on a capital repayment basis, over a term of 30 years.

Mr G says his fixed rate ended in July 2022, but he didn't realise that until August 2022 when his contractual monthly payment increased, following the application of HSBC's standard variable rate. He says HSBC had been writing to the security address which he no longer lived at and was let to a tenant and that was something he'd informed HSBC of so had requested email correspondence. And when he called HSBC to address that, he was told to make a complaint, rather than apply for a new rate then, as making a complaint would result in any new rate being backdated.

Mr G started to experience financial difficulty in 2022, due to employment issues and his tenant causing damage to the property before leaving it. He missed payments and in February 2023 the account was in arrears by two months' payments. HSBC started taking legal action after that time and obtained an order for possession in April 2024. HSBC has agreed to put eviction on hold until this Service has provided a decision on Mr G's complaint.

Mr G is unhappy with the way HSBC acted throughout the time since his account started to fall into arrears. He says he was given incorrect information about suspending payments and payment plans. He says HSBC's litigation team were rude and abrupt and he felt harassed by individuals. Mr G says he was incorrectly told that HSBC was not taking legal action and it applied for a court order without informing him.

Unhappy with the service he received from HSBC, Mr G complained a number of times. The parts of his complaint we can consider were addressed by HSBC in the following final response letters:

- 11 July 2024 – HSBC complaint reference: 12205774 – About failing to adhere to a promise for a callback to finalise an underpayment plan; the plan was not a suitable solution; it wasn't implemented; and Mr G was not notified – HSBC acknowledged its error and offered Mr G £200 for the distress and inconvenience caused.
- 17 July 2024 – HSBC complaint reference: 12205774 – About Mr G's dissatisfaction with HSBC's previous response – HSBC stood by its previous response of 11 July 2024.

HSBC's final response letter dated 11 July 2024 also confirms that Mr G complained about it starting "*the legal process*." So that point also forms part of the complaint I'll cover in this decision. The letter referred to a call Mr G had with HSBC's Mortgage Financial Support (MFS) team on 15 November 2023, in which Mr G says he was given the impression an underpayment plan was agreed. HSBC acknowledged that it went through a financial review with Mr G on 15 November 2023, but when the matter was referred to a manager the payment plan was not agreed. HSBC apologised that it did not contact Mr G to confirm the decision and it offered Mr G £200 for that.

HSBC said a legal notice called a 'Secure Demand' that was issued on 24 November 2023 was sent by post rather than Mr G stated correspondence preference of email. But it confirmed that its procedure states that all legal notices are sent by post to the correspondence address on file.

HSBC also said it had contacted Mr G several times since 20 May 2024 to address the position of his mortgage account. And its litigations team has given Mr G opportunities to discuss a plan to address the arrears on his mortgage account.

Dissatisfied with HSBC's response, Mr G asked us to consider his complaint. Our investigator said she thought Mr G's mortgage account met HSBC's criteria for legal action when that commenced. And the evidence available does not show that a payment arrangement was agreed by HSBC so wouldn't have meant legal action was inappropriate. She thought HSBC should have made it more clear to Mr G that a payment arrangement was not agreed but thought its offer of £200 for the distress and inconvenience caused in that regard was reasonable.

Mr G disagreed. He said there was a subsequent call confirming the underpayment arrangement had been agreed so the legal action shouldn't have started. He also said a specific (named) HSBC representative told him all correspondence would be by email and phone.

As Mr G didn't agree, his complaint has been passed to me for a 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.

To decide Mr G's complaint, I've thought about whether it was reasonable for HSBC to start legal action when it did and whether HSBC's action in relation to the underpayment arrangement discussion of 15 November 2023 made that unreasonable.

I've started my consideration of Mr G's complaint by listening to a recording of his conversation with HSBC on 15 November 2023. That was a call from HSBC to Mr G to assess whether an underpayment can be put in place. Initially, Mr G didn't accept that there was a value in doing so but the HSBC representative explained that it would mean the arrears wouldn't increase so quickly and HSBC was less likely to proceed with repossession action. Mr G accepted that and having assessed his income and expenditure with HSBC's representative, agreed that he could make a payment of £225 per month towards the £517 contractual monthly payment. But HSBC's representative made it clear that he would have to discuss the proposal with his manager for it to be agreed. He said he would get back to Mr G with the outcome of that conversation, but no date was agreed for doing so.

HSBC's file notes confirm that the representative's next action was to refer the matter to a manager and that if the manager didn't agree that the underpayment plan was viable, he'd have to refer the matter to the litigations team. The subsequent manager's entry notes show that the property was not occupied; the arrears were at £4,535.81; and that Mr G had previously been advised that if his intentions were to continue to let, he'd need to move to a buy to let mortgage – and he hadn't done that. The notes indicate that the request for an underpayment plan was not agreed.

However, HSBC's file notes don't show that a call was made to him to inform him of HSBC's decision. Instead, on 24 November 2023, it sent a letter addressed to him at the mortgaged property address – the 'Secure Demand' letter mentioned above. That letter stated Mr G needed to pay the full balance of the mortgage within 28 days. The letter marks the start of HSBC's legal action to take possession of Mr G's property.

I've considered Mr G's claim that there was a subsequent call from HSBC during which he was told the proposed underpayment plan was accepted. Of the many call recordings HSBC has sent us, none fit that description. And HSBC's system notes don't indicate that any such subsequent call took place. So, I don't think it's likely that Mr G's recollections of a call telling him the underpayment arrangement are correct.

Given that the secured demand was sent to the mortgaged property address and HSBC knew Mr G didn't live there – and that it was empty – I don't think HSBC could have had any reasonable expectation that he'd receive that letter. So that was an error on HSBC's part. HSBC's file notes indicate that the most likely date Mr G would have become aware of litigation action was 1 March 2024. That's the date it emailed him with a repossession hearing date. I'm not aware of any other contact from HSBC after the call of 15 November 2023 and before the email of 1 March 2024 that HSBC could reasonably have expected Mr G to receive.

I've considered the impact on Mr G of the delay in him being made aware of legal action. To do that I've thought about his circumstances as he explained them during his call with HSBC on 15 November 2023. As the notes from the time show: the property was not occupied; the arrears were at £4,535.81; and Mr G had previously been advised that if his intentions were to continue to let, he'd need to move to a buy to let mortgage – and he hadn't done that. The outcome of the income and expenditure assessment at that time was that Mr G could afford a maximum payment of £225 per month against a contractual monthly payment of £517. With the exception of potential commission – which Mr G had used previously to reduce the arrears – Mr G gave no indication that his income and expenditure circumstances were likely to change.

HSBC's notes indicate that, between 1 March 2024 and the hearing date of 8 April 2024, Mr G made no attempt to contact HSBC. And I've seen no evidence to show that Mr G made any attempt to contact HSBC following his conversation with its representative on 15 November 2024.

So, I agree that HSBC made an error in not informing Mr G that his proposal for an underpayment plan had not been accepted and in sending the secured demand letter in a way which meant he was not likely to have received it. But, given that Mr G's circumstances showed little signs of improving and he didn't engage with HSBC as outlined above, I don't think HSBC's errors had a significant impact on him. I say that because I'm not persuaded by the evidence available that Mr G had the means or the inclination to reduce the arrears to the extent that a hearing on or around the time of the one on 8 April 2024 wasn't inevitable. And, for the avoidance of doubt, that also means I think HSBC's decision to start litigation when it did was reasonable – for the same reasons.

It's worth noting here that, while an order for possession was granted by a court on 8 April 2024, eviction is pending the outcome of our consideration of Mr G's complaint.

I also note that Mr G has expressed his concern about the way HSBC's litigation team dealt with him. He says HSBC's litigation team were rude and abrupt and he felt harassed by individuals. While this was not central to the complaint dealt with by HSBC in its final response letters dated 11 July 2024 and 17 July 2024, I confirm that I've heard nothing in those calls that has given me significant cause for concern.

Overall, while I think HSBC's errors, as outlined above, were avoidable and in other circumstances, potentially significantly impactful, I don't think they were here. So, I think HSBC's offer of £200 in respect of the distress and inconvenience its errors caused is fair and reasonable in this case. That means I don't uphold Mr G's complaint.

### **My final decision**

My final decision is I don't uphold Mr G's complaint about HSBC UK Bank Plc. And HSBC should make the payment of £200 to Mr G if he accepts my decision, and it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 22 April 2025.

Gavin Cook  
**Ombudsman**