

The complaint

Mr D complains that HSBC UK Bank Plc closed his credit card account and passed his account to a debt collection agency.

What happened

Mr D holds a credit card account with HSBC.

The account fell into arrears. In February 2024 HSBC agreed breathing space from 1 February 2024 to 24 February 2024.

The arrears continued to accrue when the breathing space ended. On 24 April 2024 HSBC issued a Default Notice which required Mr D to pay £1037.48 by 15 May 2024. The Default Notice stated that if this sum wasn't paid a Final Demand would be issued.

No payment was received. On 14 June 2024 HSBC issued a Final Demand requiring Mr D to pay £6984.23 by 2 July 2024. The Final Demand stated that if this sum wasn't paid, the account would be closed and transferred to the Repayments Team.

No payment was received, and the account was closed on 5 July 2024. On 15 July 2024 the account was transferred to a debt collection agency.

Mr D complained to HSBC. He said he'd made them aware that he couldn't pay the balance until he'd sold his flat. He also said he was unhappy that the debt had been transferred to a debt collection agency when he'd been told that the account would be sent to a different department within HSBC.

HSBC didn't uphold the complaint. It said the account had been correctly defaulted and that it was allowed to use external companies to recover monies owed.

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

Our investigator didn't uphold the complaint. He said that the terms and conditions of the agreement required Mr D to make at least the minimum payment to the account each month and that if the required payment wasn't made, HSBC could terminate the agreement. The investigator said he was satisfied that HSBC hadn't made an error when it ended the agreement and passed the account to a debt collection agency.

Mr D didn't agree so 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 D 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 reviewed the history of the account. I can see that HSBC wrote to Mr D on 31 January 2024 to advise him that they had applied breathing space to the account until 24 February 2024. HSBC sent a further letter to Mr D on 6 March 2024 to advise him that breathing space had ended and asked him to contact them if he was still experiencing financial difficulties.

I can't see that Mr D contacted HSBC in response to the letter dated 6 March 2024. I can see that Mr D didn't make any payments to the account and it fell into arrears.

HSBC issued a Default Notice on 24 April 2024 requiring Mr D to pay the arrears by 15 May 2024. The Default Notice stated that if the arrears weren't paid, a Final Demand would be issued requiring Mr D to pay the balance on the account, and that the account would be terminated once the balance was repaid.

I can't see that Mr D paid the arrears, or that he contacted HSBC. The Final Demand was issued on 14 June 2024. Mr D didn't repay the balance within the timescale specified so the account was terminated.

Based on what I've seen, I don't think that HSBC made an error when it issued the Default Notice and Final Demand. The account had fallen into arrears and Mr D wasn't making his minimum monthly payments. The terms and conditions of the agreement – which Mr D agreed to when he took out the card – required Mr D to pay the minimum monthly payment each month. Because Mr D wasn't making these payments he was in breach of the agreement.

I appreciate that Mr D made HSBC aware of his financial circumstances. However, I haven't found any evidence to suggest that HSBC agreed to place a hold on the collections process pending the sale of Mr D's flat.

I understand that Mr D is unhappy that his account has been passed to a debt collection agency. He's said that he doesn't believe that HSBC should've done this because he'd explained his financial situation to them. I've thought about this and I appreciate that Mr D would've preferred the account to remain with HSBC until he'd sold his flat. However, there's no evidence that HSBC agreed to retain Mr D's account until he'd sold his flat. The terms and conditions of the agreement allow HSBC to pass the account to a third party to collect the debt, so I'm unable to say that HSBC has made an error or treated Mr D unfairly by passing the account to a debt collection agency.

Taking all the available information into account, I can't find anything to suggest that HSBC made an error when it issued the Default Notice and the Final Demand. HSBC acted in line

with the terms and conditions when it passed the account to a debt collection agency. I won't be asking HSBC to recall the account from the debt collection agency.

My final decision

My final decision is that I'm unable to uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 April 2025.

Emma Davy
Ombudsman