

The complaint

Mrs C complains about how HSBC UK Bank Plc has administered her loan account when she tried to make additional payments. She says HSBC didn't correctly apply her additional payment and this has resulted in her paying more interest on the loan.

What happened

I issued a provisional decision on this complaint on 12 March 2025, where I set out a detailed background to this complaint. So, I won't be repeating the background to this complaint here. My provisional decision forms part of this final decision and should be read alongside it.

Both parties have responded to my provisional decision. HSBC has agreed with my decision and provided the breakdown of redress to be paid to Mrs C. Mrs C also agrees with my provisional decision and wanted my final decision to give clarity to her and HSBC of when the settlement will be made should she accept the final decision. Mrs C also confirmed the date of the payment in question.

Both parties have also confirmed that the loan has now been fully paid and the account is now settled.

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 reconsidered my decision and the response from both parties, I see no reason to depart from my provisional findings.

As the account has now been settled, HSBC says it can't rework the account as I proposed in my provisional decision. As a fair way to put things right, it should refund the interest Mrs C paid because it did not assign her payment of 12 July 2024 correctly. It should also pay Mrs C £150 for the inconvenience caused.

Putting things right

Following its error, HSBC needs to put things right for Mrs C.

- It should refund the interest Mrs C paid on her loan from 12 July 2024 when her payment wasn't correctly assigned.
- Add 8% interest on any refunded interests from the date they were paid, if they were paid, to the date of settlement†.
- It should also pay her £150 for the inconvenience caused.

It must pay the compensation within 28 days of the date on which we tell it Mrs C accepts

my final decision. If it pays later than this, it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

† HSBC may be required to deduct tax from this interest. If it does, it must give Mrs C a certificate showing how much tax it has taken off if she asks for one.

My final decision

For the reasons given here and in my provisional decision, I uphold Mrs C's complaint and direct HSBC UK Bank Plc to put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 21 April 2025.

Oyetola Oduola
Ombudsman