

The complaint

Mr and Mrs X have a long-standing dissatisfaction with how HSBC UK Bank Plc (HSBC) sold and subsequently handled their mortgage account, including its response to Mr and Mrs X's personal circumstances, their request that their mortgage term be extended and the actions of both its CEO team and expired mortgages team.

What happened

Mr and Mrs X originally took out an interest-only mortgage with HSBC in 2004 with the term set to expire on 1 May 2017.

During the mortgage term, Mr and Mrs X experienced some very difficult personal circumstances which continue to impact them today. As a result, Mr and Mrs X were looking to extend the mortgage term before its original expiry in May 2017, to give them some more time to redeem the mortgage. They were expecting to have funds become available in the near future which would help them to achieve this goal.

The request to extend their mortgage term was ultimately declined by HSBC's mortgage team in 2017, despite Mr and Mrs X's attempts to explain their circumstances and what they needed from HSBC in terms of support. In response, Mr X's solicitor wrote to HSBC's CEO explaining Mr and Mrs X's personal circumstances and asked that this decision be reconsidered.

The request was passed to the wider CEO team and approved – granting Mr and Mrs X a two-year term extension. A phone call took place between Mr X and HSBC in which it was explained that the mortgage term would now run to 1 May 2019 upon which, full redemption would be required. During this call, Mr X assured HSBC that the mortgage would be redeemed by then as they were expecting some funds imminently and if not, would be able to reach out to family for assistance. Paperwork was issued to Mr and Mrs X confirming that the mortgage term had been extended.

HSBC wrote to Mr and Mrs X in 2018 and twice in early 2019 to confirm that the mortgage term would come to an end in May 2019 and that the balance would need to be repaid. Unfortunately, the mortgage was not redeemed by the new expiry date and the mortgage has been out of term since 1 May 2019 with the balance outstanding. The mortgage continues to accrue interest at HSBC's standard variable rate – the same rate the mortgage had been on since 2012.

Mr and Mrs X say they did not realise their mortgage had come to an end in May 2019 as they thought their contacts in the CEO team had sorted this for them. They continued to liaise with the CEO team and various appointed contacts until the end of 2020 when they stopped receiving replies. It does not appear HSBC notified Mr and Mrs X that its CEO team would no longer be responding to them at this stage, but its expired mortgages team tried to reach out to Mr and Mrs X on multiple occasions across the years to discuss repayment of the mortgage balance. It was noted that such discussions were causing Mr X distress given his personal circumstances and he expressed his desire to only engage with HSBC's CEO team.

HSBC's expired mortgage team continued attempts to engage with Mr and Mrs X, but no arrangement was agreed. Instead, Mr and Mrs X raised a complaint about HSBC.

In summary, Mr and Mrs X's complaint alleged HSBC's contact has amounted to harassment and bullying, a lack of understanding of how to interact with someone with health conditions such as Mr X's and an abandonment by its CEO team despite said team being well versed in the difficulties that he has experienced to date. Mr and Mrs X also suggested that the mortgage had been mis-sold in 2004, that their relationship manager and branch manager had failed to support them when called upon and that the term extension had not been fully explained to them in 2017.

HSBC responded to the complaint to say that any complaint that the mortgage had been mis-sold in 2004 was now out of time. It confirmed that it had explained the mortgage term had been extended to May 2019 during a conversation with Mr X in 2017 and that the rate of interest was correct given Mr and Mrs X had been on the SVR since 2012 and there was no agreement to change this alongside or after the term extension that was granted in 2017.

Dissatisfied with HSBC's response, Mr and Mrs X referred their complaint to our Service.

I issued a provisional decision on the case earlier this month. In essence, I set out that several parts of Mr and Mrs X's complaint had been brought too late under the rules I must apply. As such, I was unable to consider the sale of the mortgage, the explanation of the term extension in 2017 or HSBC's actions in 2017.

I was satisfied the complaint relating to HSBC's CEO team ceasing contact in late 2020 and the allegation that they had been harassed and bullied by HSBC's expired mortgages team had been referred in time. Having considered this element of Mr and Mrs X's complaint, I thought it should be partially upheld.

I set out my intention to conclude that it was unreasonable for HSBC to cease contact from its CEO team without any notice to Mr and Mrs X. And given HSBC was aware of Mr and Mrs X's history and their personal circumstances, it ought to have given them a direct contact within its expired mortgages team who had access to the information they had already sent HSBC about their personal and financial circumstances. And it should have taken this action before ceasing contact from its CEO team.

I provisionally awarded Mr and Mrs X £450 to recognise the distress and inconvenience they had experienced due to HSBC failing to provide them with a new direct contact before ceasing correspondence from its CEO team. I was satisfied this award took into account the impact HSBC's actions have had on Mr and Mrs X and was in line with our general approach to awards of this kind.

I did not agree that contact with the CEO team should recommence as requested by Mr and Mrs X.

HSBC responded to say that while it did not fully agree with my provisional decision, it would be prepared to pay the recommended £450 in compensation to Mr and Mrs X and provide a direct contact in the expired mortgages team.

Mr and Mrs X responded with significant annotations to my provisional decision. In summary they say:

- My description of both their complaint and the events that have led us here are not accurate. Instead, the complaint is mainly about the disappearance of the CEO team in 2020 which HSBC has not apologised for and instead attempts to cover up which

in the context of Mr X's health condition, constitutes negligence. As well as the subsequent harassment and bullying from the expired mortgages team.

- They were not helped by anyone at HSBC, including the branch and relationship managers and they believe the "chaotic response" they experienced was part of HSBC's plan to isolate customers who had been mis-sold interest only mortgages.
- HSBC ought to have known why they were not responding to its expired mortgages team. It did not feel possible for Mr and Mrs X to engage even though they wanted to.
- HSBC has sought to hide knowledge of the refund letters it sent Mr and Mrs X.
- HSBC provided terrible customer service in 2016, 2017, 2019 and from late 2020 onwards.
- HSBC's CEO team disappeared twice, once in 2019 and again in late 2020. HSBC also ignored Mr X's email in 2022 asking for help. Mr and Mrs X consider the disappearance of the CEO team to have been planned and then covered up to their detriment.
- There are additional reasons why Mr and Mrs X believe the mortgage was mis-sold.
- They did not know their mortgage had expired and they disagree that anything regarding its expiry had been explained to them. They consider it to have expired secretly and that they were not given formal notification of this happening.
- They maintain that the expired mortgages team is not the best team to help them. Mr and Mrs X do not trust this team and it is impossible for them to discuss the account with this team without experiencing great distress.
- The recommended compensation should be higher, and HSBC should issue an apology.
- HSBC has not been truthful with the Financial Ombudsman Service.

I have not listed all of Mr and Mrs X's points here, but I would like to assure them both that I have read and considered their response in full.

As both parties have now responded, and the deadline to do so has expired, it is appropriate for me to move the case forward to final decision.

While Mr and Mrs X have set out that the main thrust of their complaint relates to HSBC's actions from late 2020 onwards, they continue to ask questions and raise concerns about the sale of the mortgage, HSBC's actions in 2017 and the lack of explanation around the term extension. So, for completeness, I issued a separate decision setting out why I cannot consider those elements of Mr and Mrs X's complaint other than as context for the parts of the complaint that have been brought in time.

This decision focuses on the merits of the issues that do fall within our jurisdiction.

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.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

I would like to note that, the parties have shared in great detail the personal circumstances experienced by Mr and Mrs X over the years and the impact this has had on them personally and on their ability to engage with HSBC about their mortgage.

We are legally required to publish our decisions so it is important that we ensure decisions are fully anonymised and do not contain details that could lead to a consumer being identified. As a result, I will not set out the details of what has happened to Mr and Mrs X in this decision. But I wish to assure the parties that I have read the submissions on this point very carefully and will be taking Mr and Mrs X's circumstances into account when deciding this case.

I would also like to highlight that while a substantial amount of the events complained about fall outside of our jurisdiction for the reasons set out in my jurisdiction decision, I have taken them into account as context when determining this case.

HSBC's decision to cease correspondence from its CEO team

HSBC's CEO team helped Mr and Mrs X secure a term extension in 2017, giving them direct points of contact at the time. It is HSBC's position that this was arranged as a one-off and outside of its usual policy. It was only ever intended to be short term and to facilitate the term extension rather than it granting Mr and Mrs X permanent access to a direct contact within its CEO team.

There is insufficient evidence to suggest Mr and Mrs X were told they would be able to use the CEO team for all matters relating to their mortgage following its initial intervention in 2017. However, I can see that Mr and Mrs X continued their engagement with members of the CEO team after the mortgage extension had been agreed in 2017 until December 2020. So, I think it was reasonable that they continued to reach out to these contacts during this period and were not inclined to discuss their account with the expired mortgages team while they had this avenue available to them.

In late 2020, Mr X stopped receiving replies to his enquiries from the contacts he had been using. No forwarding address or contact was provided and instead Mr X appears to have had no reply to any emails he sent to these contacts from December 2020, including his email in 2022. Instead, HSBC's expired mortgages team were trying to contact Mr and Mrs X, but they do not appear to have been briefed on Mr and Mrs X's circumstances or what had led to the CEO team being involved in the first instance.

This led to Mr and Mrs X losing their direct contacts within the CEO team without warning and instead having to explain their circumstances all over again – something they find incredibly distressing and sometimes, impossible to do. As a result, Mr and Mrs X did not engage fully with the expired mortgages team.

It is clear HSBC knew or ought to have known that Mr and Mrs X were vulnerable consumers, and that Mr X was suffering with his health. The details of which had been shared with HSBC on several occasions and in great detail. With this in mind, I am not satisfied it was reasonable for HSBC to cease contact from its CEO team without first notifying Mr and Mrs X that this would happen and arranging for a new direct contact within its expired mortgages team to be fully briefed on Mr and Mrs X's circumstances. Given the

notable distress and inconvenience this has caused Mr and Mrs X, I've decided HSBC should pay £450 in compensation to recognise the impact of its error and arrange for a direct contact within the relevant team to be appointed.

Mr and Mrs X have suggested this amount should be increased. I understand why they feel this way, but I am satisfied that this award is in line with our general approach to awards for distress and inconvenience and takes into account the impact HSBC's actions had on them in light of their personal circumstances.

Mr and Mrs X also maintain that they do not trust the expired mortgages team and would prefer to speak to HSBC's CEO team instead. But HSBC's CEO team is not the most appropriate team for Mr and Mrs X to engage with when discussing their mortgage. The CEO team's prior intervention was an exception to its usual way of working and was intended to resolve the issue of extending the mortgage in 2017 – not to be Mr and Mrs X's direct contacts for any future issues they may face with their HSBC accounts.

The expired mortgage team is the best team for Mr and Mrs X to talk to. This is a team specifically set up to help consumers like Mr and Mrs X who have reached the end of their mortgage term.

I have noted Mr and Mrs X's comments that the CEO team ought to have ultimate say on how consumer accounts are managed and that they do not think it's acceptable that HSBC does not employ doctors or other medical staff to help it understand Mr X's health condition.

While it is correct that a CEO team within a bank can oversee a consumer's account, that is not its core purpose. It is normal for a business to have a separate department which is specifically trained on how to handle consumer accounts which are out of term with an overdue balance remaining. And as HSBC has such a team, they are the most appropriate team for Mr and Mrs X to engage with going forward.

I can understand Mr X's concerns regarding HSBC (and our Service) not being able to fully appreciate his medical condition and how this impacts him. But it is not unreasonable that HSBC has not consulted a doctor given its core function as a finance provider. And I am satisfied it can understand the issues Mr X faces to a sufficient degree given the amount of information Mr C has shared with it on this. Taking this into account, I am not persuaded that HSBC not having a doctor within or consulting with the team has led to Mr X being treated unfairly.

Taking everything into account, I am satisfied this element of the complaint should be upheld in part for the reasons given.

HSBC's contact amounting to harassment and bullying

Mr and Mrs X have said that HSBC's attempts to contact them about their outstanding mortgage balance amounts to harassment and bullying, but I disagree.

HSBC is both entitled and obligated (due to mortgage regulation) to reach out to customers who are out of contract and have an outstanding balance - this includes vulnerable consumers and those suffering with their health. I accept that such contact attempts caused Mr X distress, but I am not going to make the finding that it should cease contact from its expired mortgages team in relation to repaying the balance.

Mr and Mrs X's mortgage, following the agreed extension, expired just under six years ago and there has been an outstanding balance since then. HSBC is contractually entitled to pursue this debt and expect that it is repaid.

Given a significant period has passed since the mortgage expired, it is both reasonable and responsible of HSBC to seek contact with Mr and Mrs X to understand if the balance could be repaid without the need to start litigation which would incur additional fees for Mr and Mrs X and would naturally be very distressing for them.

I accept that such calls may be distressing for Mr and Mrs X, but I have not found that the amount or type of calls were excessive or unreasonable. So, I do not uphold this element of their complaint. I would urge Mr and Mrs X to engage with this team to find a way forward with their outstanding mortgage balance.

I am aware that Mr and Mrs X are now disputing the balance on the mortgage and consider this to be a barrier to them redeeming the mortgage via an Equity Release mortgage. But this is a new complaint point and was not raised as part of Mr and Mrs X's complaint referral to our Service on 19 April 2024. So, I am unable to comment on their concerns regarding this issue within this decision.

My final decision

I uphold Mr and Mrs X's complaint that HSBC UK Bank PLC's CEO team ceased contact without notice. HSBC should now take steps to provide Mr and Mrs X with a direct point of contact in its expired mortgages team who has been fully briefed on Mr and Mrs X's circumstances. It should also pay Mr and Mrs X £450 in compensation for the reasons set out above.

I do not uphold Mr and Mrs X's complaint that HSBC's contact amounts to harassment or bullying.

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

Lucy Witkowski
Ombudsman