

## **The complaint**

A limited company, which I'll refer to as 'G' is unhappy that HSBC UK Bank Plc defaulted its Bounce Back Loan ("BBL") for non-payment.

G's complaint is brought to this service by its director, whom I'll refer to as 'Mr H'.

## **What happened**

In 2020, G successfully applied for a BBL with HSBC. In April 2022, G mistakenly paid £7,523.40 to the BBL. Shortly afterwards, Mr H contacted HSBC and was advised to leave the mistakenly paid amount into the account because it could be used towards any future missed payments.

G didn't make the contractually monthly BBL payment in August and November 2023 and in July 2024. HSBC sent arrears letters to G which explained that G needed to make the missed payment as its account was considered as being in arrears. But G didn't make any additional payments to clear the arrears on its account.

This led HSBC to issue a default notice to G on 20 September 2024, a final demand on 14 October 2024, and then to default G's BBL on 6 November 2024. Mr H wasn't happy when he learned that G's BBL had been defaulted as G hadn't received the letters that HSBC had sent and felt that the overpayment G had made in April 2022 should have been applied to the loan to cover those arrears. So, he raised a complaint on G's behalf.

HSBC responded to Mr H and explained that as well as sending arrears letters as previously mentioned, it had also attempted to call G on multiple occasions without success. HSBC confirmed that it didn't feel it had done anything wrong by following the account arrears process it had that led to the defaulting of G's BBL, and it didn't uphold G's complaint. Mr H wasn't satisfied with HSBC's position, so he referred G's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that HSBC had acted unfairly toward G by acting as it had. Mr H didn't agree, so the matter was escalated to an ombudsman for a final 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.

Mr H has said that when G mistakenly paid £7,523.40 to the BBL in April 2022, he was advised by a HSBC staff member to leave the overpaid amount in the BBL account because it could be used to offset any future payments that G might miss. HSBC dispute Mr H's statement and explain that they have no record of any such conversation taking place. HSBC also note that the terms of the BBL include that additional payments to a BBL will not be treated in the manner Mr H has alleged he was told, and as such they feel that it's highly unlikely that a member of their staff would give Mr H such clearly incorrect information.

Upon consideration, I'm not persuaded by Mr H's argument here. There are several reasons for this, including that the terms of the BBL explain that account holders are free to make partial overpayments should they want to, and that if an overpayment is made, HSBC may recalculate the loan – keeping the term of the loan the same but reducing the monthly amount for each payment moving forwards.

When G took the BBL, its monthly payment amount was £887.37. But after G paid the £7,534.40 into the loan account in April 2022, the ongoing monthly payment amount reduced to £725.89. As such, I'm satisfied that what happened is that HSBC treated the additional payment as a partial overpayment and recalculated the loan, reducing the amount that G had to pay each month thereafter.

This has clearly been of benefit to G, and if Mr H wasn't expecting the additional payment to be treated as a partial repayment in such a manner, then I would have reasonably have expected him to have raised that matter with HSBC in 2022 – which HSBC have no record of Mr H doing – although it must also be noted that the terms of the BBL include that a partial repayment to a BBL cannot be reimbursed once made.

Similarly, G made a further additional payment to the BBL in February 2023, this time for £959.85. This payment was also treated as a partial repayment by HSBC, who again recalculated the loan, which resulted in the ongoing monthly payment amount for G being reduced further, to £700.24. And I feel that if Mr H wasn't aware that these two additional payments had been treated as partial repayments, the reduction in the ongoing monthly payment amount on each occasion reasonably should have alerted him to that fact.

Given that I'm satisfied that G did make two partial repayments to its BBL in April 2022 and February 2023, it follows that I don't accept Mr H's assertion that those payments left G's account in 'credit', and I'm satisfied that G had already benefited from those payments in the form of reduced ongoing monthly payment amounts, as per the terms of the BBL. This means that when G later didn't make its contractually required monthly payments in August and November 2023 and in July 2024, that I'm satisfied that G's BBL did fall into initial and then further arrears at those times.

When G didn't make those payments, HSBC sent missed payment letters to the address that Mr H maintained on file with HSBC for G. This is what I would expect HSBC to do here, and if Mr H had difficulty in receiving mail at that address, then I feel that it was for him to have ensured that a more appropriate address was registered with HSBC for G. I also don't accept Mr H's contention that HSBC should have sent letters to the registered address for G on Companies House, and I'm satisfied that it was fair and reasonable for HSBC to send the missed payment letters to the address Mr H had registered for G with HSBC.

Further to the letters that HSBC sent, HSBC also tried to call G on several occasions on the phone number that Mr H had registered with them for G. Again, it was for Mr H to have ensured that an appropriate phone number was registered with HSBC, and as such I feel that the responsibility for any difficulty that HSBC might have had in contacting G on that number must rest with Mr H.

However, it seems clear from HSBC's records that some calls were answered, and on one occasion the person answering the phone explained that they weren't willing to proceed with the call because they didn't trust a cold call and didn't want to answer security questions to enable HSBC to proceed with the call. HSBC's notes explain that HSBC's agent asked the person with whom they were speaking to call HSBC on a number that they trusted. This seems reasonable to me. But no representative of G subsequently called HSBC, as I would have expected them to have done in such circumstances.

Most importantly, it was the responsibility of the directors of G to have ensured that someone was monitoring the BBL and making sure that all required payments were being made. This means that someone at G should have been aware that payments had been missed and that the loan was in arrears, and this should reasonably have led G to have made the missed payments and recovered the position of its loan, regardless of all other circumstances.

All of which means that I don't feel that HSBC have acted unfairly towards G here. This is because G didn't make contractually required BBL payments such that its loan fell into arrears and remained in arrears for a prolonged period. Ultimately, this wasn't HSBC's fault. It was G's. And I'm satisfied both that HSBC did what was fairly and reasonably expected of it by writing to the address and calling the phone number it held for G, and also that it was the responsibility of the directors of G to have ensured that they were aware that payments to the BBL had been missed.

I realise this won't be the outcome Mr H was wanting, but I trust that he'll understand, given all that I've explained, why my final decision here is that I do not uphold this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 11 September 2025.

Paul Cooper  
**Ombudsman**