

The complaint

Mr E complains that HSBC UK Bank Plc told him it would accept a reduced amount to settle a personal loan and later reversed this decision.

What happened

Mr E was unfortunately the victim of a scam. As part of that scam, he applied for a loan with HSBC in July 2024. The loan was for £10,000 to be repaid over a period of 12 months. Once the funds were drawn down, they were transferred to the scammers. The circumstances of the scam – and the loan application – are well known to both parties and have been considered by this service as part of a separate complaint. The outcome of that complaint was that HSBC agreed to pay Mr E roughly half of the amount the scammers had taken (£5,729.99).

In December 2024, Mr E contacted HSBC to discuss his options for settling the loan, and HSBC's agent suggested it could accept 50% of the balance. Mr E needed some time to retrieve the funds from his solicitor. He called back in January 2025 and explained that – after his solicitor took their fee – he was left with £3,620.12 available to put towards the loan. The agent told Mr E they could accept this payment – but that it needed to wait for the back office to update the loan balance before any payment could be made.

Mr E contacted HSBC multiple times between January and March 2025 and eventually made a complaint due to the length of time the process was taking. HSBC looked at the complaint and told Mr E it had made a mistake. It said it couldn't accept Mr E's offer to settle the loan – and the full amount remained payable. It apologised for giving Mr E incorrect information and offered him £1,000 to put this right.

The complaint was referred to this service. Mr E said HSBC told him on multiple occasions that it would accept his settlement offer – which constitutes a legally binding agreement. He said HSBC had changed its mind for no good reason, leaving him in a significantly worse position. He didn't think £1,000 fairly reflected the considerable stress caused by HSBC's handling of the situation when he was already in a vulnerable position. He asked that HSBC either write off the entire debt or accept a settlement £2,000 less than he'd previously offered.

One of our Investigators considered the complaint. They were satisfied HSBC had made an error by telling Mr E it could accept a reduced settlement, and didn't think it needed to accept it as a result of that mistake. They thought £1,000 was a fair offer in the circumstances. Mr E disagreed. In summary, he said the offer wasn't a simple mistake made by one call agent – it was a genuine agreement which had been signed off by a manager and confirmed by multiple other members of staff. He said that agreement was withdrawn on unclear and unfair grounds so should be honoured. He said HSBC had breached Financial Conduct Authority (FCA) principles and hadn't treated him fairly.

Our Investigator wasn't persuaded to change their opinion on the matter, and Mr E asked for the complaint to be referred to an Ombudsman for a final decision. So, it's been passed to me to decide.

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'm aware I've summarised Mr E's complaint in less detail than he has. I'd like to assure both parties that I've read and considered all of the information they've provided. If I haven't specifically commented on something in my decision it's not because I haven't considered it, but because I didn't find it necessary to do so in order to reach a fair outcome. This isn't intended as a discourtesy to either party, but simply reflects the informal nature of my role.

It might be useful to set out the scope of this decision. The loan came about after Mr E was unfortunately the victim of a scam. This service has already considered a complaint about the scam itself and HSBC's decision to offer Mr E a loan – so I won't comment on those points further. I've only considered Mr E's complaint that HSBC accepted a settlement offer and later withdrew that acceptance. That said, I've kept Mr E's circumstances – and the circumstances behind the loan – in mind when considering this.

Mr E says HSBC's acceptance of his offer constitutes a legally binding agreement for the loan to be settled in the way he suggested – and he's asked me to reach a finding on this. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. But ultimately, I'm required to make my decision based on what I consider to be fair and reasonable. I can't make a decision as to whether an agreement was legally binding or enforceable – only the courts can do that.

Mr E has raised a concern that HSBC has breached FCA principles. Specifically, he says HSBC failed to treat him fairly or ensure that it communicated in a way that was clear, fair and not misleading. But it's not disputed that HSBC treated Mr E unfairly, or that it provided wrong and misleading information. So, I don't think I need to comment on this point further.

I've listened to the call during which Mr E's settlement offer was put forward and agreed. Having done so, I think it's reasonably clear there was significant confusion surrounding the circumstances of the offer and Mr E's previous complaint. The agent told Mr E that before any settlement could be processed, Mr E would need to wait for the balance to be reduced following his previous complaint and suggested chasing this up with this service. But that's not what happened – the agreed outcome of Mr E's previous complaint was that HSBC would pay Mr E £5,729.99 directly, not that it would reduce the loan balance by that amount. I think it's likely the agent misunderstood what had previously been agreed – and that they thought Mr E was offering to settle the loan by paying £3,620.12 out of a balance that had already been reduced by half.

I've considered Mr E's point that HSBC's acceptance of the offer was not only agreed by a single agent – but was reconfirmed multiple times. I can see Mr E called HSBC multiple times to request an update, and was told on each occasion that they were still waiting for the back office to update the balance on Mr E's loan before the settlement could be processed. While Mr E was given reason to believe the settlement was going ahead on multiple occasions, I don't think this changes the fact that the settlement was agreed in error based on a misunderstanding.

Ultimately, it's for HSBC to decide whether to accept a reduced settlement offer. In this case, while HSBC's agents had suggested on the phone that a settlement was agreed nothing had been finalised, and no funds had been exchanged. The offer Mr E had made was for significantly less than the amount owed – around a third. So, when HSBC realised its mistake, I don't think it acted unreasonably by saying it couldn't accept the offer. Even if the

agent hadn't made an error when accepting the offer, HSBC was able to re-evaluate the situation and change its mind up until the point the settlement was processed.

Where a business makes a mistake, I'd expect it – wherever possible – to put its customer in the position they'd have been in had that mistake not been made. But that doesn't mean it should act as if any incorrect or misleading information was true. Instead, it should look to put things right based on the impact of that wrong information. So, I don't think the fact HSBC told Mr E it could accept a reduced settlement means it now needs to accept that settlement or close his loan – and I don't require it to do so.

Mr E has also referred to the impact the situation has had on his credit file. HSBC – like all lenders – is required to report true and accurate information to credit reference agencies. Mr E hasn't made any payments towards the loan and has made clear that he had no intention of making the regularly scheduled payments, or of entering a payment arrangement. So, I don't think the error HSBC made here has caused him to miss payments or put his credit file in a worse position than it would have been in otherwise.

It's clear the situation had a considerable impact on Mr E. When he called HSBC, he was understandably anxious about the status of his loan. As the victim of a scam, Mr E hadn't had the benefit of the borrowed funds – and had no way to repay them. Mr E says he was in a vulnerable state and in financial difficulties because of what happened to him. So, it likely came as a significant relief when HSBC said it would accept the previously agreed compensation to settle the loan – and finding out this wasn't the case caused him considerable disappointment and frustration. To add to that, Mr E waited nearly three months for an update about the situation and was repeatedly given the wrong information about the status of his loan during that time.

I appreciate Mr E has asked for a further £1,000 in addition to what HSBC has offered. But, taking into account all of the circumstances, I think HSBC's offer of £1,000 is a fair reflection of the distress and inconvenience it caused here so I don't require it to pay any more than that. HSBC says it hasn't yet paid the offered compensation to Mr E as he didn't accept its offer – so it should do so now.

I have significant sympathy for Mr E and the situation he now finds himself in. But, for the reasons I've explained I'm satisfied HSBC has done enough to put things right here. Although it didn't accept his settlement offer, HSBC has said it's happy to discuss Mr E's circumstances and come to a suitable payment arrangement. Mr E still owes the full balance of the loan, and no payments have been made. I understand Mr E doesn't want to enter a payment arrangement, as he doesn't think he can realistically pay the balance in a reasonable period. I would urge Mr E to get in touch with HSBC to discuss the situation so a suitable arrangement can be agreed. In doing so, I'd expect HSBC to pay due consideration to Mr E's circumstances.

My final decision

HSBC UK Bank Plc has already made an offer to pay Mr E £1,000 to settle the complaint, and I think this offer is fair in all the circumstances.

So my final decision is that HSBC UK Bank Plc should pay Mr E £1,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 10 December 2025.

Stephen Billings

Ombudsman