

The complaint

Mr C has complained that HSBC UK Bank Plc unfairly defaulted his loan account, which included having previously taken more than one repayment a month, and communicating poorly.

What happened

In November 2023, Mr C contacted HSBC to explain his financial situation had changed, but should improve in six months. After carrying out an income and expenditure assessment ('I&E'), HSBC agreed to pause repayments, interest and charges until March 2024. In April 2024, HSBC carried out a further I&E assessment. On the basis of this, it considered that Mr C could start making his full repayments again.

However, a repayment plan still needed to be put in place, which was to pay off the arrears on the account. HSBC said that if Mr C made his full repayments for the months of May, June and July, it would instead add the arrears to the end of the term of the loan. Mr C made July's payment two weeks late, which broke the agreement. But HSBC said that another plan could be put in place, whereby if monthly repayments were made in September, October and November, the arrears could still be moved to the end of the loan. Unfortunately, no repayments were made in September or October.

This led to HSBC issuing a default notice on 30 October 2024, for the full amount of the arrears. As it wasn't paid, the account defaulted, and was passed to debt recovery.

One of our investigators looked into what had happened. He thought that HSBC had responded fairly to Mr C's circumstances, and had offered significant forbearance. He noted that it was in dispute that there may have been a processing delay regarding one repayment, but overall, there were seven months of arrears. Further, he could see no evidence of a payment being taken twice in a month.

Our investigator also looked at how HSBC had communicated with Mr C. He'd stated he wished to be contacted by email or letter, but there had been occasions when HSBC had phoned him. Overall, he thought this was fair. He could see there had been some level of 'chasing' regarding setting up the repayment plans, so although Mr C's preferences were considered, it was important that contact was made. And, Mr C often used the phone for contact himself. So, he didn't think HSBC had behaved unfairly.

Mr C disagreed. In summary, he said that he wasn't advised about the consequences of the payment freeze, the failure of the second repayment plan wasn't his fault, and he never agreed to the third plan – which HSBC later reversed. He said he wasn't fairly notified about the default, and his request to have access to his data hasn't been fully honoured.

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 done so, I'm not upholding it. I know this will be very disappointing, but I'll explain why.

It's incumbent upon financial businesses to treat customers fairly. This includes treating people positively and sympathetically when they are experiencing financial difficulty. Here, I'm satisfied HSBC did this – by giving repayment plans and a significant non-repayment window.

I know Mr C feels HSBC didn't warn him about the effects of any arrangement, but I can't agree. I do accept that Mr C was probably very stressed, so it's not always easy to recall everything. But, having listened to the calls, it's clear that HSBC said that although it would report an 'arrangement', arrears would still build up and a default notice would be issued if they couldn't come to a new arrangement to clear those arrears at the end of it. Mr C agreed to this.

I know Mr C feels strongly that it wasn't his fault that the second plan was broken. But I don't think this goes to the heart of the dispute, given that a third plan was set up. The payments for this were missed in the first two months. Mr C says a double payment was taken, but this was in a following month – after the account had been defaulted, and a warning notice sent to his address that was held on file. If this address had changed, Mr C should have updated HSBC.

I've also considered whether HSBC harassed Mr C, but I don't think it did. I know it called him, when his preference was post or e-mail. But, it needed to resolve things, and Mr C did use the phone himself. It's also worth noting that there appears to be confusion about Mr C's address – so phone calls would have been beneficial in such circumstances.

Finally, Mr C has concerns about his data. I would advise him to raise these with the Information Commissioner's Office: ico.org.uk.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 September 2025.

Elspeth Wood
Ombudsman