

The complaint

Mr B complains that HSBC Bank PLC (HSBC) is pursuing him for a debt under a Personal Guarantee (PG) for an overdraft owed by his former business which I will refer to as M.

What happened

In November 2019, M was granted an overdraft facility of £30,000. Mr B signed a PG in support of the lending. Mr B resigned as a director of M in November 2022. Then in 2024, M appointed a liquidator and M's account was defaulted. HSBC called upon the PG in Mr B's name to repay the debt.

Mr B complained, saying he was no longer a part of M and had relinquished all responsibility of the debts of M in 2022. He says his then account manager had removed him from the PG and his removal had been confirmed when he visited a branch. He says he has had no communication from HSBC until the debt collection notice and was surprised and shocked when it arrived. As a resolution Mr B would like HSBC to remove him from the liabilities of M.

HSBC has said it has no record of Mr B removing himself from the PG and it has no record a new PG being set up by the new director. It has a record of a mandate change request which was declined but this is separate from the PG. HSBC has maintained the PG given by Mr B is valid and it's entitled to call upon this to repay the debts owed to it by M.

Mr B didn't accept HSBC's response, so he brought his complaint to our service.

One of our investigators looked at Mr B's complaint but did not uphold it. Our investigator acknowledged that Mr B recalled being told by HSBC's account manager that he had been released from the guarantee, but he noted that neither party had any documentary evidence to support that.

Our investigator also noted that HSBC had not been prepared to add the new owner of M to the mandate for M's bank account, on the grounds that the new owner did not satisfy HSBC's criteria. In the circumstances, he thought it was highly unlikely that the bank would have accepted the new owner as guarantor for M's debts. At the time Mr B sold M, the company's overdraft stood at about £16,000.

Overall, our investigator concluded there was insufficient evidence to conclude that HSBC did discharge Mr B from his PG liabilities.

Mr B did not accept our investigator's findings. He said it was HSBC's responsibility to discharge him from the PG when he transferred the company to the new director. He said he removed himself from the PG liability in 2022 and it's HSBC's responsibility to retain this communication between him and his then account manager. He said it isn't unreasonable to expect HSBC to keep him informed and updated that he was still responsible for the debts of M, but he received no communication from 2022 until the debt collection notice.

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.

Whilst I'm sorry to further disappoint Mr B, having done so I've reached the same conclusion as our investigator, for largely the same reasons.

I've seen the personal guarantee that Mr B signed, and I'm satisfied it clearly explains that he would be liable for his limited company's debt if he signed it. I acknowledge that Mr B says he didn't read every word of the guarantee, and that he says he relied on HSBC's expertise. But I've seen nothing to suggest that HSBC gave Mr B any advice about the guarantee. On the contrary, the guarantee document itself recommended Mr B seek legal advice before he signed it and said that he should only sign it if he wanted to be legally bound by its terms.

Mr B told us that he received confirmation from a solicitor that M's new director had taken on all of his responsibilities and liabilities in respect of M. If that is the case, Mr B may be able to make a claim against the new director (and he may wish to take legal advice on that point). But any private arrangement Mr B may have made with the new director does not change Mr B's liability to HSBC.

I have considered Mr B's point that he was told by his then account manager that he had been released from the PG, and he was given the same information in a branch. But I'm not persuaded by this argument. Mr B's decision to resign as a director of M had no impact on his standing as a guarantor. He was of course entitled to ask HSBC to release him from the PG, but HSBC had no obligation to agree. As our investigator said, given that M had an outstanding overdraft I would find it very surprising if HSBC had released Mr B from his obligations without obtaining a new PG from another party to support M's borrowing. Neither party has been able to provide me with any documentary evidence to show that Mr B was ever released from the PG liability – and on balance, I think the most likely explanation for that is that HSBC did not in fact release Mr B from his liabilities.

In this particular case, I think it would have been helpful if the bank had written to Mr B at some point after November 2022 – and ideally each time his former company's overdraft facilities were renewed – to remind him that the personal guarantee remained in force, and that the bank considered that he was personally liable for the company's debt. But I don't think HSBC's failure to do that changes anything about whether it is fair for the bank to hold Mr B responsible for the debts of his former limited company. I consider that the personal guarantee document itself is clear, and I am not persuaded that the bank ever told him that it considered that the personal guarantee had been, or would be, discharged or otherwise extinguished.

My final decision

For the reasons I've given above, I don't uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 February 2026.

Laura Colman
Ombudsman