

The complaint

Mr R complains that HSBC failed to inform him about a remediation exercise, granted him a packaged credit card account with benefits that weren't suitable for him and how it has dealt with his complaint. Mr R also complains that HSBC continued to apply interest and charges to his outstanding credit card debt despite it being in arrears and whilst he was struggling financially.

What happened

Mr R has had a credit card account with HSBC since 2003. This account was initially a Platinum card which included benefits, similar to a packaged bank account such as travel insurance for a yearly fee. At some stage, the Platinum card was changed to a Gold card and with no benefits.

Between 2013 and 2015, due to financial difficulties, the account went into arrears. HSBC, who still owned the debt employed the services of two debt collection agencies (DCA) until it was eventually sold to a third party DCA on 27 April 2023.

In March 2024, Mr R complained to HSBC that whilst the account was in arrears, it hadn't been considered as part of a remediation programme.

On 12 April 2024 HSBC issued Mr R with a final response letter ("FRL"). Under cover of this FRL, HSBC explained that Mr R hadn't been considered for the remediation programme as he didn't meet the criteria for it.

Unhappy with HSBC's FRL, Mr R brought his complaint to us on 26 July 2024.

After our jurisdiction decision, Mr R's complaint was considered by one of our investigators who concluded that HSBC hadn't acted unfairly.

Mr R didn't agree and so his complaint has been passed to me for review and decision.

On 20 August 2025 I issued a provisional decision on this case. In summary I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint but having done so I've reached a different conclusion from that of our investigator.

I'm aware that I've summarised this complaint above in less detail than it may merit. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I will, however, refer to those crucial aspects which impact my decision.

Lastly, I would add that where the information I've got is incomplete, unclear or contradictory, I've to base my decision on the balance of probabilities.

Having carefully thought about everything I've been provided with, I'm partially upholding Mr R's complaint. I'd like to explain why in a little more detail.

Did HSBC irresponsibly continue to lend to Mr R in the last six years or fail to treat him with due consideration and forbearance?

We've explained how we handle complaints about irresponsible and unaffordable lending on our website. And I've used this approach to help me decide Mr R's complaint.

Mr R has told us that he started to struggle financially in 2013 when the account went into arrears and he struggled to make repayments. In 2015 the account was in arrears for a period of 90 days. HSBC haven't provided the account statements for March 2018, but from what I can see from the statements it has provided, by December 2018, the amount owing was almost £6,000 with the credit limit at £7,500. And with additional fees and charges, this continued to increase until it reached £6,443 in 2020. HSBC stopped charging interest and fees from this point. The debt was reduced in May 2021 when a remediation amount of £2,149 was taken off the debt (please see my comments below regarding Mr R's complaint about the remediation scheme).

In March 2018, Mr R contacted HSBC regarding its interest and charges and the fact that he was unable to meet the contractual monthly payment. A summary of the letters that HSBC sent Mr R are as follows:

4 April 2018 – Missed payment letter.

2 May 2018 - Minimum payments letter and financial implications of this and where to find help regarding financial difficulty.

4 June 2018 – Missed payment letter.

4 December 2018 – Overdue balance letter, and that HSBC had attempted to contact Mr R. HSBC warned Mr R regarding potential actions such as serving a default notice and passing account to third party DCA.

2 November 2019 – 'Persistent Debt' letter.

7 March 2019 – Default notice.

9 April 2019 – Final demand letter.

So from the above communication from HSBC, it was evident that Mr R was struggling financially to meet his repayments and the account was permanently in arrears. But I can't see any evidence that HSBC stepped in to try and help Mr R at this time other than to send the above letters.

I think that by March 2018 it ought to have been abundantly clear to HSBC that Mr R wasn't going to be able to repay. Instead, HSBC continued to apply charges and interest onto a balance when it ought to have realised that the lending relationship had irrevocably broken down due to Mr R's financial situation and inability to pay. And from my understanding this position continued until it froze all charges around June 2020.

By continuing to apply more interest and charges, HSBC didn't act in Mr R's best interests. It ought to have stepped in and done more than simply ask Mr R to contact it to arrange payment. This is because it had already tried this without success. In the absence of it having done anything at the time, I think it would therefore be fair and reasonable for HSBC to have suspended interest and charges altogether, to prevent the balance from increasing

further. To put things right, HSBC should therefore refund all interest and charges it applied since March 2018.

Packaged credit card account

Mr R complains that the packaged credit card account, namely his HSBC Platinum card wasn't suitable for him, before it switched to a HSBC Gold card. Mr R said the travel insurance wasn't suitable for him and that he wasn't assessed regarding the general suitability of the card and its benefits before it was issued. Mr R would like the yearly administrative charges (£80 per annum) to be refunded.

HSBC told us that it no longer offered Platinum cards to its customers from 2004 onwards but where one was held, it could be transferred to another card from that time up until 2020. HSBC believed that Mr R's Platinum card was transferred to a HSBC Gold card around 2007 but as it hasn't retained records beyond six years, it couldn't be sure. Mr R has told us that he has a 2005 statement that shows an annual fee of £80 and so this would appear to corroborate what HSBC told us regarding the Platinum Card (that would have attracted the £80 fee), transferring to a Gold card in 2007.

So on balance I'm satisfied from the information I've seen that Mr R's Platinum card was granted more than six years ago and that he would've been aware of a cause for complaint more than three years before he did complain. So I'm unable to consider this under Financial Conduct Authority (FCA) timeline rules. I appreciate that Mr R will be disappointed by this but there are strict guidelines regarding timescales we have to adhere to and this simply isn't an aspect that we can consider for that reason.

HSBC's failure to inform Mr R about a remediation programme exercise

For several years Mr R was under the impression that he should have been included in a remediation programme by HSBC and after his debt was sold to a third party and he didn't hear anything more about the outstanding debt, assumed he had been. However, HSBC informed both Mr R and us, that he wasn't eligible for the scheme, and this was also highlighted in their FRL to Mr R on 12 April 2024. But that was in fact incorrect, as Mr R had been included in the scheme when on 19 May 2021, a sum of £2,149 was written off the debt which HSBC subsequently informed us was a payment under the remediation programme. HSBC told us that Mr R wasn't informed of this payment at the time as he wasn't eligible to receive it directly, due to an outstanding debt existing and instead went towards reducing the debt.

Mr R initially complained that HSBC didn't include him in this remediation programme but since the payment has come to light, he's now unhappy that he wasn't informed of this payment and considers it wasn't enough.

Firstly I must point out that the remediation process conducted by HSBC is a commercial matter and I'm unable to interfere with its processes. This includes how they calculate the amount of remediation. I understand that Mr R has already requested information from HSBC regarding how it arrived at the remediation amount but has had difficulty getting this and would like us to look at how they arrived at this amount. I'm sorry to hear this but would like to confirm to Mr R that we don't offer an auditing service and couldn't complete the type of assessment of the remediation he appears to want. Mr R is open to employ the services of an accountant should he wish to do so once he receives the information he requires.

However, I think the communication from HSBC in relation to this matter has been poor. From the evidence that I've seen, Mr R has been asking why he wasn't eligible for this scheme for a number of years, despite the fact he was eligible and in fact had been provided

with remediation, although not directly. The amount awarded was offset with the debt he owed. But HSBC continued to inform Mr R that he wasn't eligible and this was highlighted in the FRL dated 12 April 2024. Within that FRL HSBC said Mr R wasn't eligible for the scheme as he didn't meet the criteria.

I think HSBC's continued stance on this issue must have caused a lot of distress and inconvenience for Mr R over the years. It must have been very frustrating for Mr R, having looked at eligibility criteria, and believing he met this, only to be told by HSBC that he didn't. For this reason, I uphold this part of the complaint and recommend that HSBC pays Mr R £250 for the distress and inconvenience this matter caused him.

Complaint handling by HSBC

Mr R told us that he initially complained to HSBC in April 2023 when he attended a branch and was directed to the third party debt collection agency who the debt had been sold to. I think there was some confusion as to who was responsible for looking at Mr R's complaint between HSBC and the third party. Mr R eventually raised a complaint to HSBC by email on 30 March 2024 and it acknowledged this in an email to Mr R on 1 April 2024. Mr R told us when he initially complained to us that HSBC hadn't responded to his complaint, but I can see that it issued an FRL to him on 12 April 2024.

When dealing with consumers complaints, businesses have eight weeks to investigate the matter and issue a FRL. And from the evidence I can see, HSBC did that. I appreciate that consumers become frustrated at times due to the amount of time it takes to get a response from a business coupled with the FRL not delivering the outcome the consumer expects. But as Mr R complained to HSBC on 30 March 2024, it had until 30 May 2024 to send Mr R an FRL and as it did so on 12 April 2024, I can't say HSBC did anything wrong in regard to the timescales that the regulations require.

The FRL that HSBC sent to Mr R on 12 April 2024, did though include information that was incorrect in relation to the remediation process. And this must have been frustrating and distressing to Mr R. However, as I've already recommended that HSBC pay £250 compensation for the distress and inconvenience this miscommunication caused under the remediation aspect of his complaint, I don't think it would be fair to ask HSBC to make any additional payments. For that reason, I don't uphold this aspect of Mr R's complaint.

My provisional decision is I partially uphold Mr R's complaints in relation to the irresponsible lending aspect since March 2018 and lack of communication around the remediation process. However, I don't uphold the other aspects of Mr R's complaints for the reasons I've highlighted above. I appreciate that Mr R will be disappointed with this. But having considered everything that both parties have said and submitted, I'm simply not persuaded, in the particular circumstances of this case, that HSBC acted unfairly in relation to Mr R's other complaint points.

Did HSBC act unfairly in any other way

I've also considered whether HSBC acted unfairly or unreasonably in any other way, including whether the relationship between Mr R and HSBC might have been unfair under Section 140A of the Consumer Credit Act 1974. However, I'm satisfied that what I direct below results in fair compensation for Mr R given the overall circumstances of his complaint. I'm also satisfied that, based on what I've seen, no additional award is appropriate in this case.

I then explained what HSBC should do to fairly and reasonably compensate Mr R.

HSBC accepted my provisional decision but stated it would be easier to pay Mr R directly as opposed to buying back the debt. As this coincided with Mr R's wishes, I've amended my recommendations accordingly. HSBC requested Mr R's bank details in order to pay the redress directly to him.

Mr R didn't accept some of my findings. He said that the payment of redress to offset a bought back debt by HSBC wouldn't be acceptable as he had closed all his accounts with it and didn't want to deal with HSBC any further. He also said as he was already in an arrangement with the third party debt collection agency, he didn't want to disrupt this. As both Mr R and HSBC would both rather the redress be paid directly to him, I've altered my recommendations to reflect this.

Mr R also told us that he didn't accept that we couldn't consider the remediation redress related complaint. However he said he would accept this if we could explain the limitations of our scope. Mr R said we were aware that the Financial Conduct Authority (FCA) had confirmed that we could consider the remediation scheme, after he forwarded an email from them to us.

However, the email, which is dated 28 March 2025 states the following:

"Thank you for contacting the Financial; Conduct Authority (FCA).

Following on from our conversation over the phone, please find the details below regarding the matter.

As discussed on our call, HSBC identified themselves that there were issues with their handling of customers in financial difficulty. Upon review, HSBC invested £94 million in identifying the issues and putting them right. HSBC also issued redress payments totalling £185 million to over 1.5 million customers.

The FCA took this into consideration and provided a 30% discount to the fine imposed. As the financial services regulator, we have a role to stay impartial and do not provide any redress on behalf of firms we regulate. It was HSBC who launched a remediation and redress programme, rather than the FCA."

So having read and reviewed the email, I'm satisfied that it isn't saying what Mr R suggests it is saying and that this was a commercial decision made by HSBC. So it wouldn't be fair or reasonable for me to interfere with or comment further upon.

Mr R requested an extension to the deadline to provide further information until 16 September 2025 and which we granted. Mr R responded on this date to tell us he was still waiting for a response from the FCA. He provided his reasons why he thought we should consider the remediation redress aspect but didn't provide any further information to consider and his reasons didn't change my mind on this aspect. As we haven't been provided with any further material evidence to consider and the extended deadline has passed, I won't be delaying my final decision any longer.

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.

As I've not been provided with any further new material evidence to review I can confirm that I've no reason to depart from my provisional decision findings and I now confirm them as final.

My final decision

My final decision is I uphold this complaint against HSBC UK Bank.
HSBC must:

Complaint about irresponsible lending

- Remove and refund all the interest, fees and charges applied from March 2018 directly to Mr R.
- Add interest at 8% per year simple on the above interest and charges from the date they were paid to the date of settlement*.
- HSBC should remove any adverse information it recorded on Mr R's credit file.

*If HM Revenue & Customs requires HSBC to deduct tax from any award of interest, it must give Mr R a certificate showing how much tax has been taken off if he asks for one. If it intends to apply the refund to reduce an outstanding balance, it must do so after deducting the tax.

Complaint about the remediation scheme

HSBC should pay Mr R £250 in compensation for the distress and inconvenience that the miscommunication regarding the remediation scheme caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 14 October 2025.

Paul Hamber
Ombudsman