

The complaint

This complaint is about historic business borrowing arrangements Mr B took out with HSBC UK Bank Plc, secured by a charge over his home. Mr B is represented in the complaint by Mrs B; all of our dealings have been with Mrs B.

What happened

The broad circumstances of this complaint are known to the parties. I'm also aware that the investigator issued a detailed response to the complaint, a copy of which has been sent to both parties, and so I don't need to repeat all the details here. Our decisions are published, and it's important that I don't include any information that might result in Mr B being identified.

Instead I'll give a summary of the key events, rounding the figures as appropriate, and then focus on giving the reasons for my decision. If I don't mention something, it won't be because I've ignored it. It'll be because I didn't think it was material to the outcome of the complaint.

Mr B used to work in agriculture. As a result of difficult trading conditions in the wake of the foot & mouth crisis of the early 2000s, Mr B borrowed £40,000 from HSBC, secured by a charge on his home. Unfortunately, he fell behind with the payments. After legal proceedings to recover the debt were started and then withdrawn during 2011 and 2012, Mr B had been paying around £300 a month to offset the debt. The complaint arises from how HSBC responded to a letter Mr and Mrs B sent HSBC on 17 February 2024, seeking clarification on the following four points:

- the amount of the original debt;
- how much Mr B had paid;
- written confirmation that the debt had been paid in full; and
- a refund of any amount overpaid.

HSBC responded by transferring the balance of Mr B's business account (around £3,000) into the debt account and replied on 29 February 2024 to say nothing more was owed, the debt had been cleared and HSBC was ending the relationship. This reply didn't reassure Mr and Mrs B; they were dissatisfied with the lack of detail, and suspicious that HSBC had only closed the debt down because they'd contacted it. HSBC treated their dissatisfaction as a complaint, and in June 2024, issued a final response inviting Mr B to refer the complaint to us if still unhappy.

The complaint came to us in July 2024 and included some broader questions about the original lending decision itself. Mrs B, on Mr B's behalf, suggested HSBC had lent the money too readily. As that wasn't part of what the original complaint had been about, our investigator focussed her attentions on trying to establish whether Mr B had paid too much, or too little, towards his debt.

The information we received from HSBC was fragmented in places. Additionally, the investigator had some trouble reconciling the figures HSBC had provided, not just to this

service during the investigation, but also historically to Mr and Mrs B when they made enquiries at local branches a few years ago.

Eventually, the investigator was able to confirm to Mr and Mrs B that HSBC had not cheated Mr B or taken more money from him than was due. It had stopped adding interest to the debt in 2014, and even after the money in the business account had been moved over in February 2024, there was still a sum of just under £740 owing, which HSBC had written off. At the same time, however, the investigator thought HSBC's communication with Mr B (and Mrs B on his behalf) had fallen short of acceptable standards and added to the confusion and suspicion they already felt. For this, she recommended HSBC pay Mr B £150 compensation.

HSBC agreed with the investigator's recommendation, but Mrs B has asked that Mr B's complaint be reviewed by an ombudsman. They remain unconvinced that HSBC has acted fairly.

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'll begin by saying that I do very much understand, and empathise with, Mr and Mrs B's sense of frustration at not being convinced Mr B hasn't been treated unfairly. I think that's partly down to the poor way HSBC communicated with them, which I'll come back to. But I also think it's partly down to the erosion of records over the years since the court proceedings were discontinued so many years ago. There's nothing sinister in that; businesses don't keep records indefinitely, and they're not required to.

Where evidence is contradictory and/or incomplete, as is the case here, I'm required to decide what I consider is most likely to have happened on the balance of probabilities. That's broadly the same approach taken by the courts in civil cases.

Like the investigator, I've confined myself to addressing the core of the complaint, which essentially brings me back to the four points from Mr and Mrs B's letter of 17 February 2024, as summarised in bullet point form above. I concede that point two remains unanswered, but that is largely down to the erosion of records I alluded to earlier.

HSBC only has statement records going back to 2019, which is broadly consistent with standard industry practice on data retention. So the fact that it is not possible to confirm exactly how much Mr B has paid in total since borrowing the money isn't evidence of unfair treatment of Mr B. It's simply a consequence of the historic nature of the question.

On the three other bullet points, having reviewed everything that's been said and provided, what follows are my conclusions and the reasons for them.

- Mr B borrowed £40,000 originally.
- HSBC had provided written confirmation (by way of the letter of 29 February 2024) that it regards the debt as having been repaid in full and Mr B no longer owes it anything.
- Mr B hasn't overpaid HSBC, and no refund is due.

I said I'd come back to the way HSBC has communicated with Mr B (as its customer) and Mrs B (as its customer's representative). Overall, I agree with the investigator that, instead of providing reassurance, HSBC's messaging added to their anxiety and suspicion. To put the point more bluntly, it made things worse instead of better. For that, consider £150 to be fair compensation.

Obviously, I can't know if Mr and Mrs B will be convinced and reassured by the conclusions I've reached, and the reasoning behind them. All I can say is that I very much hope they are.

My final decision

My final decision is that I uphold this complaint in part by ordering HSBC UK Bank Plc to pay Mr B £150.

My final decision concludes this service's consideration of this complaint, which means I'll not be engaging in any further discussion of the merits of it.

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

Jeff Parrington

Ombudsman