

The complaint

Miss B's complaint is about how HSBC UK Bank Plc handled the joint mortgage from 2020 when she ceased living in the property. She also considers that the property should have been repossessed earlier than it was, and that would have resulted in a smaller shortfall debt and her being able to sever contact with the joint borrower earlier.

What happened

Miss B and the joint borrower took out the mortgage in 2018 on a repayment basis. In 2020 they separated. The joint borrower remained living in the property and at the end of the year asked HSBC for a payment holiday, which was granted for December 2020 to February 2021. However, Miss B objected and made the December 2020 mortgage payment, and this put back the start date for the payment holiday until January 2021. Miss B also provided a new address for correspondence. Due to Miss B's circumstances, HSBC recommended that she register for online banking, where she could see electronic copies of all correspondence, and she could record her preference as online for future correspondence – thereby alleviating her concerns about post addressed to her being sent to the mortgaged address.

A complaint was made and a final response issued in February 2021. HSBC confirmed that it was unable to remove a Covid-19 payment deferral once it was added, however, if Miss B had wanted to, she could have made payments to the account, despite the payment holiday being in place.

Miss B has explained that initially she moved in with family members, but she shortly thereafter moved into rented accommodation and could not afford to make payments to the mortgage. Following the payment holiday ending, the joint borrower found it difficult to maintain the mortgage payments and, other than briefly in the autumn of 2021, the mortgage has been in arrears since June 2021. Payment arrangements were entered into with the joint borrower, and payments were received periodically throughout. A payment of just over £144,000 was made in October 2024, which repaid the arrears and reduced the mortgage balance, but as no payments were made thereafter, arrears immediately started to accrue again.

In September 2021 HSBC was told by the joint borrower that the property was up for sale. The asking price was dropped in November 2021 and Miss B told HSBC in February 2022 that it needed to be dropped further, but the joint borrower would not agree to do so.

In October 2022 HSBC issued a final demand for payment of the mortgage. Shortly thereafter Miss B asked about changing the mortgage into her sole name and had the process explained. She didn't move forward with this idea as, she's told us, the joint borrower was not willing to let her buy him out. Around the same time Miss B was unable to use HSBC's telephone banking system. This was because the security number she used to access the system had been blocked. Miss B has said this prevented her from making payments to the mortgage.

The joint borrower proposed to rent the property out and asked HSBC for consent to let (CTL). The CTL was agreed on 16 November 2022 and the parties were notified – in Miss B's case through the online banking system. When Miss B became aware of the arrangement, she objected. The CTL was removed on 25 November 2022. This was confirmed to both borrowers. Miss B informed HSBC at this time that she wanted the property repossessed as the joint borrower wouldn't agree to it being sold or her buying him out. Miss B's problems accessing telephone banking were addressed at that time too.

In May 2023 HSBC decided to start legal action, which resulted in a possession order being issued by a court in August 2023. HSBC contacted both borrowers in October and November 2023 in order to give them a last chance to avoid repossession. This was not successful and HSBC applied for a warrant of eviction in November 2023. The mortgaged property was taken into possession in February 2024, and it was sold in October 2024. The sale price was less than the outstanding mortgage debt and costs. HSBC informed Miss B that there was an outstanding debt of slightly over £24,000 a few days later, which it needed to speak to her about repaying.

Miss B complained to HSBC as she considered that HSBC had not handled the matter well and had allowed the joint borrower to financially abuse her by allowing the amount of time it had before it took possession of the property. She also highlighted that in late 2022 HSBC stopped her making payments to the mortgage, which had caused the shortfall debt to be higher than it otherwise would have been.

HSBC responded to the complaint in a letter of 4 February 2025. It repeated its comments about the 2020 payment holiday and confirmed that Miss B could still have made payments to the mortgage if she'd wanted to. In relation to the CTL issue, it confirmed that it had asked the joint borrower when the application was made whether Miss B agreed, and it was given an affirmative answer. On that basis it had added the CTL to the mortgage. Confirmation of the arrangement had been sent to Miss B online, as that was her documented preference. When Miss B had told it she did not consent to the CTL, HSBC removed it from the mortgage.

In relation to the shortfall debt, HSBC set out what had happened after the property was repossessed, and that the sale price had been less than the amount outstanding on the mortgage, along with costs. As for the difficulty Miss B was having accessing her accounts via telephone banking, it confirmed that she had been unable to access telephone banking in late 2022 because her security number had been blocked, but it had identified the problem at the time and sent her a new one. HSBC, however, acknowledged that it had not responded to the complaint when it should have, and offered Miss B £100 compensation for any upset or inconvenience this had caused her.

Miss B was not satisfied with HSBC's response and asked us to consider her complaint. She explained that when she had left the property in 2020 there had been a considerable amount of equity, but HSBC's '*ineffectual*' handling of the situation for more than three years meant that there was a shortfall when the property was sold. Miss B considers that HSBC effectively allowed the joint borrower to financially abuse her. She also highlighted that in late 2022 HSBC blocked her accessing the mortgage account, which stopped her making payments to the mortgage, which had caused the shortfall debt to be higher than it otherwise would have been. Miss B didn't consider that she should be responsible for the shortfall debt as HSBC changed the mortgage contract several times after she left the property without her knowledge or consent. As such, she also believes that the mortgage arrears and repossession should be removed from her credit history.

One of our Investigators looked into the complaint and concluded that we could not consider Miss B's concerns about HSBC granting a payment holiday in 2020, as the complaint had

been referred to us too late. However, we could consider the subsequent events. He went on to do so, but he didn't recommend that the complaint be upheld.

Miss B didn't accept the Investigator's conclusions. She questioned why this Service considered it was acceptable that the mortgage terms were changed without her consent, while she was blocked from the mortgage account. She highlighted that the original mortgage documentation did not make any reference to the fact that the mortgage agreement could be changed without the consent of both applicants.

Miss B also said that she had not been informed about the CTL and had only found out because a letter was wrongly delivered to the neighbouring address. She said that the fact that the CTL was removed following her objection also indicated that HSBC had done something wrong in agreeing to it without her involvement. Following which, HSBC had not told the joint borrower about the removal, which caused additional issues. Miss B also raised the fact that there was inconsistent communication whereby HSBC had sent confidential documentation to her ex-partner's email address, despite her highlighting in a call in December 2020 that any correspondence was to be sent to a separate address.

I issued a decision on 25 November 2025 in which I confirmed that Miss B's complaint about the payment holiday agreed in 2020 did not fall within our jurisdiction. I also confirmed that Miss B would need to raise her concerns about the difficulties she's encountered in relation to making payments to the shortfall debt with HSBC before we can comment on the matter.

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 would at this stage explain that the Regulator's rules, contained in the Mortgages and Home Finance: Conduct of Business Sourcebook (known as MCOB), set out what lenders are required to do to help borrowers in arrears. A lender is required to explore ways to resolve an arrears situation, especially if the problem that created the arrears to begin with is one that looks to be short-term and capable of being resolved. This could involve periods where the lender is willing to accept reduced or no payments until a point where the borrower's finances are more stable.

For long-term difficulties, a lender must also look at other ways to help, such as altering the repayment basis of the mortgage for a period, deferring interest or capitalisation of arrears. However, the lender has to ensure that any arrangement is affordable and sustainable. Repossession of a property is always meant to be the last resort and used in circumstances where a lender is unable to provide assistance, or a borrower has refused to engage over a period of time.

That said, it is not for a lender to get involved in any disputes between borrowers. It was not for HSBC to choose one side or the other of the dispute between Miss B and the joint borrower, despite Miss B being vulnerable. Although Miss B had said from 2022 that she wanted the property repossessed, HSBC was not in a position to simply decide to repossess the property because that is what she wanted. If joint borrowers and joint owners of a property can't agree about what is to happen, that's something they need to resolve between them (including, if necessary, via the courts) – it's not something a mortgage lender can resolve.

Arrears started to build on the mortgage in June 2021. Following that HSBC spoke to both borrowers about the situation and established that Miss B could not afford to contribute to the mortgage. The joint borrower appears to have tried to pay the mortgage, and it was not

wrong for HSBC to provide time for him to try to improve the situation. However, in the autumn of 2021, both borrowers told HSBC that they'd decided to sell the property. Again, it was appropriate for HSBC to provide them with time to do so. Selling a property is not always a quick process and I don't consider that the amount of time HSBC gave for this process – around a year – was inappropriate, given it was being provided with updates and confirmation that viewings were taking place. During that period, the joint borrower was also making payments, albeit, insufficient to address the arrears situation.

HSBC issued a final demand – requiring the mortgage to be repaid - in October 2022. This is usually the final stage before legal action is taken. The joint borrower then informed HSBC that he would be moving out of the property and that he had arranged for a tenant to move in. This arrangement would mean that he could afford the monthly mortgage payments and pay something towards the arrears. Given this provided a possible route to mitigate the arrears situation, and the joint borrower had confirmed Miss B agreed to the proposal, it was entirely reasonable for HSBC to agree a CTL arrangement at that point. The arrangement appeared to provide a way forward with the mortgage that would avoid the last resort of repossession.

HSBC informed Miss B via its internet banking system, as she had stated that was her preference for correspondence. When Miss B objected to the CTL arrangement, HSBC removed it. This happened very quickly, and it doesn't appear that this caused any issue regarding a tenant being moved into the property and having to subsequently be removed. While Miss B has said the joint borrower was not informed about this, the fact that the property was not rented out, as the tenant that was lined up never moved in, would indicate that he was aware of what had happened.

Miss B has complained that HSBC acted inappropriately when it agreed to payment arrangements and the CTL without her consent. I would firstly explain that the CTL and payments arrangements are concessions that are made outside the mortgage agreement in order to provide assistance and support to borrowers when they need it. In a situation where one of the borrowers remains in a property and is attempting to pay the mortgage, HSBC is required to provide them with support to get the mortgage back on track where that is a possibility. I note that HSBC asked the joint borrower if Miss B agreed to the CTL, as part of its process and received an affirmative answer. So it was not unreasonable for HSBC to provide these concessions to the joint borrower without consulting Miss B beforehand.

Overall, I don't consider that HSBC acted inappropriately when dealing with the arrears situation or that it should have started legal action any earlier than it did.

Miss B has highlighted that following the property being repossessed she was told that there was no shortfall, but she was later told that there was. Having reviewed the document she has provided it says that a shortfall was not applicable. This was because the document was produced before the property was sold; before the shortfall existed. So the information provided to Miss B wasn't wrong.

Miss B has said that her access to the mortgage account was blocked, which meant that she was unable to make any payments. Having considered the information on this issue, it appears that Miss B's access to telephone banking had been blocked, not her access to the mortgage account. As such, Miss B could have made payments had she wanted to, but she would have had to use internet banking or gone into a branch. It also appears that once HSBC became aware of the problem with telephone banking, it was resolved fairly quickly. I also note that Miss B has said throughout to HSBC that she was unable to make payments to the mortgage because she was paying for alternative housing for herself and her children. As such, I am not persuaded that Miss B was prevented by HSBC from making payments to

the mortgage or that she suffered a loss in relation to the shortfall due to not having access to telephone banking.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Miss B to accept or reject my decision before 5 January 2026.

Derry Baxter
Ombudsman