

## **The complaint**

Mr B complains that HSBC UK Bank Plc hasn't been able to provide information about an interest only personal loan which has now fallen due, and about the way that loan was sold and administered.

## **What happened**

In 2004, Mr B applied for an interest only personal loan with HSBC. The loan was for around £156,000 and had a term of ten years. The loan was secured against a decreasing term life policy. At some point in 2014, the term of the loan was extended by ten years, and in 2024 HSBC told Mr B the loan had expired and the balance was due.

Mr B made a complaint. He said he'd asked HSBC to provide evidence of what terms the loan was agreed on or that it was extended in 2014 – but it had failed to provide this. He said it was unreasonable for HSBC to expect him to repay such a significant balance without providing a copy of the credit agreement to show what was agreed. He said HSBC failed to send him any updates about the loan such as interest rate changes or statements – and was concerned that it had extended the term without carrying out the proper affordability checks.

HSBC said that due to the passage of time it held limited information about the loan. It didn't think there was any evidence to suggest it had made an error, but paid Mr B £100 to recognise that it hadn't been able to provide a copy of his annual statements.

The complaint was referred to this service. One of our Investigators considered the complaint. In summary, they thought a complaint about the inception, administration and extension of the loan had been brought too late under the relevant rules. That is, more than six years after the event complained of and more than three years from the point Mr B ought reasonably to have been aware that he had cause for complaint. But they said we can consider a complaint about an allegedly unfair relationship between Mr B and HSBC. Having considered this complaint, the Investigator didn't think HSBC had done anything wrong.

HSBC didn't respond to the Investigator's conclusions. Mr B didn't agree. In summary, he said HSBC had an obligation to retain information as this was an active loan. He felt that by not requiring it to provide details of what was agreed, we were effectively allowing it to set any terms it wants to. He said HSBC had been unable to demonstrate that it acted in line with the relevant rules when the loan was agreed or when the term was extended. He also said he couldn't have complained earlier than he did – as he had no reason to believe there was a problem until recently. He asked for the complaint to be referred to an Ombudsman for a final decision. So, it's been passed to me to decide.

## **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 recognise I've provided a relatively brief summary of Mr B's concerns. I'd like to assure both parties that I've considered all of the information they've provided. In this decision, I'll

focus on what I consider to be the key points of the complaint. This isn't intended as a discourtesy, but reflects the informal nature of my role.

In its submission to this service, HSBC said it felt the complaint was raised too late under the Dispute Resolution (DISP) rules set by the Financial Conduct Authority (FCA), which set timescales within which complaints need to be brought to this service. In summary, a complaint needs to be referred within six years of the event being complained about – or within three years of when the complainant was aware (or ought reasonably to have been aware) that they had cause to complain.

Our Investigator explained why they didn't think we could look into a complaint about the initial application of credit, the extension of the loan term or HSBC's communications during this period. But they thought Mr B was also – in effect – complaining about an unfair relationship as described in Section 140A of the Consumer Credit Act 1974.

For the avoidance of doubt, I agree with this. I note Mr B says he was only aware of the problem recently – specifically after an incident regarding charges applied in error to some of his rental properties. He says this caused him to look further into his loans and seek advice, which is when he was first aware of the problem. But Mr B says he hasn't received any information about this loan since 2004 – but has continued to make payments towards the interest. I can also see he's provided emails showing he started making enquiries with HSBC about the loan in March 2019. Given that he says he hadn't received any information about it up to that point, I think it's fair to say he ought reasonably to have been aware there was a problem then. So, I think the latest he could have referred the complaint to us is March 2022.

That being said, as outlined, I think this service is able to consider the complaint about an allegedly unfair relationship. It follows that this decision will focus on the merits of that complaint. HSBC didn't respond to our Investigator's conclusions about this. Having now considered all the available information, I've decided not to uphold the complaint, so I won't comment on our jurisdiction in detail here.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. I've interpreted this complaint as being about the fairness of the relationship between a borrower and a lender – Mr B and HSBC – arising from a credit agreement. I say this because Mr B says HSBC failed to follow the correct process when agreeing the loan or extending its term, and that it didn't keep him up to date about changes to the loan or its balance. He says he isn't in a position to repay the balance now that the term has ended, and that doing so will cause him significant financial hardship.

Given that I think Mr B is complaining about HSBC's perpetuation of an unfair relationship, relevant law here includes Section 140A, Section 140B and Section 140C of the Consumer Credit Act 1974.

As our Investigator outlined, S.140A of the CCA says that a court may make an order under S.140B if it determines that the relationship between the creditor (HSBC) and the debtor (Mr B) arising out of a credit agreement is unfair because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;

- any other things done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship.

S.140B sets out the sorts of orders a court might make – these are wide powers, including to change the terms of the agreement, reduce the amount owed or require a refund, or to do or not do any particular thing. I've kept this in mind as relevant law in deciding what's fair and reasonable in all of the circumstances.

I'll comment on each of the key concerns Mr B has raised in turn. Mr B has also complained about the sale and administration of his life policy which this loan was secured against – and that complaint is being dealt with separately by this service. Mr B has also mentioned in recent submissions his concerns regarding charges applied to his rental properties in error. It's not clear whether the charges in question relate to this loan or not – but in any case this issue isn't part of the complaint Mr B originally referred to this service so isn't something I've considered here.

#### *HSBC's request for payment and inability to provide a copy of the agreement*

Mr B says that as this was an active loan, the original credit agreement should have been retained. He said without this information, he can't be sure what terms the original loan was agreed under or that he's being treated fairly. The information HSBC holds about the loan is extremely limited – and I can understand why this would be concerning for Mr B given that he's now being asked to pay a substantial sum. But I need to take into consideration that this loan was taken more than 20 years ago – and it's unlikely that a lender would retain records such as physical agreements for such a long period. HSBC has provided evidence from its systems to show that there is a loan in place and its current balance. Mr B ultimately doesn't dispute this – and has told this service that he recalls taking the loan out and receiving the borrowed funds. With this in mind, I don't think the absence of the original credit agreement creates an unfair relationship here or means HSBC cannot seek repayment of the balance.

Mr B has suggested that the loan cannot be enforced without a copy of the agreement. The enforcement of credit is a matter for the courts – not this service – and isn't something I can determine. But regardless of whether the debt is enforceable, Mr B accepts that he borrowed a sum of more than £150,000 in 2004, which had (as of when the complaint was raised) a balance of more than £136,000. I see no reason to conclude that HSBC cannot request payment of this balance. If Mr B isn't in a position to repay the full sum, I'd expect HSBC to consider an affordable payment arrangement – with due regard for Mr B's circumstances.

#### *Information shared with Mr B during the loan term*

Mr B says he's never received any information about the loan – including annual statements or interest updates. He also says no loan reviews have taken place throughout the duration of its term. From his comments I infer that he feels he wasn't kept updated about the status of the loan – and given the passage of time this left him unsure of the balance owed or the terms under which that balance should be paid, creating an unfair relationship. HSBC has provided internal copies of annual statements going back to 2019 – as well as evidence from its systems showing these were sent to Mr B's address each year. I note HSBC says it doesn't hold records prior to that date – so has no evidence that statements were sent between 2004 and 2018. But as it's shown statements were sent annually for six years prior to the complaint, I find it likely that they were sent before then too.

Mr B says HSBC didn't notify him of changes to the interest rate – and that his interest payments increased over time without his knowledge. HSBC hasn't provided any records to show such notifications were sent. But it has provided information to show that interest on this loan was based on a tracker rate – and that any changes were based on Bank of England's official base rate. Lenders aren't required to notify customers of publicly available changes to their interest rates. So, while I can't say with certainty what updates – if any – HSBC sent Mr B about the loan's interest rate, I don't think this means it made an error or that there was an unfair relationship.

#### *The sale and extension of the loan*

Mr B says HSBC hasn't been able to demonstrate that HSBC followed the correct process when agreeing or extending the loan.

Given that the sale of the loan took place more than 20 years ago evidence regarding HSBC's actions at the time is extremely limited. With this in mind, there's no evidence leading me to the conclusion that HSBC failed to follow the correct regulatory process at the time, or that its actions created an unfair relationship.

Mr B doesn't recall agreeing to the loan term being extended in 2014, and is concerned that HSBC didn't carry out the relevant checks and affordability assessments at the time. Again, the information about what was agreed in 2014 is limited. And given the passage of time I don't draw any negative inferences from this. But based on what I've seen, it appears Mr B continued to make regular payments towards the loan interest for the full duration of its term. So, it appears HSBC simply agreed that Mr B could continue to make payments on an interest only basis for a further ten years. I can't see that any further borrowing was agreed at the time.

While I appreciate Mr B doesn't recall this being agreed – and is concerned it happened without his consent – I can't see that he's been disadvantaged here. Had the loan term not been extended at the time, it seems likely that he'd have been asked to pay the balance in 2014 rather than now. Mr B has told this service that he wasn't in a position to pay the balance in 2014 – so it seems likely to me that he'd have asked for the loan term to be extended. With this in mind, I haven't seen anything to persuade me that HSBC made an error when extending the term of the loan, or that doing so created an unfair relationship.

In his recent submission to this service, Mr B says he's seen documents relating to his life policy referencing a business loan of £265,000 – which he has no knowledge of. This wasn't part of Mr B's complaint to HSBC – and doesn't appear to have any bearing on the loan Mr B has complained about. So, I won't comment further on this point here.

In conclusion, taking all of the circumstances of the complaint into account, I don't find that there's evidence that HSBC made an error when providing, extending or administering the loan. And, for the reasons I've explained I don't think the credit relationship between Mr B and HSBC would be viewed as unfair under S.140A of the Consumer Credit Act 1974. It follows that I don't uphold this complaint.

#### **My final decision**

My final decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 17 March 2026.

Stephen Billings  
**Ombudsman**