

The complaint

Mr J complains that HSBC UK Bank Plc trading as HSBC issued him a final demand for his loan even though he had a payment arrangement in place and HSBC had told him that a final demand wouldn't be issued if he maintained his payments.

What happened

Mr J was provided with a loan by HSBC. In December 2024, he contacted HSBC because he was struggling to make his repayments. He discussed his income and expenditure, and a payment arrangement was put in place. On 1 April 2025, HSBC issued Mr J with a default notice, and this was followed on 24 April 2025, by a final demand letter. Mr J contacted HSBC on 8 May 2025 about the final demand letter being issued as he believed this wouldn't be issued if he made his repayments due under the payment arrangement. A complaint was raised.

HSBC issued a final response to Mr J's complaint dated 12 May 2025. It accepted that Mr J had been provided with incorrect information by an adviser who said he wouldn't receive a final demand. It apologised for this and paid him £100 for the upset caused and said that feedback had been provided to the adviser and their manager. HSBC explained that based on Mr J's ability to repay his account, the final demand was issued in line with the terms and regulations set by the Financial Conduct Authority, and it was unable to remove the final demand from his records and that the account would continue to closure if the demand couldn't be met.

Mr J referred his complaint to this service.

Our investigator noted that HSBC accepted it provided misleading information to Mr J and she thought the £100 it paid and other actions taken were a reasonable resolution to this complaint.

Mr J didn't agree with our investigator's view. He said that HSBC called him before the involvement of this service and on the call he explained he had been misinformed about his payment plan and was offered £100. He said he initially refused this offer but then accepted this when he was told it wouldn't affect or limit any future complaint with the Financial Ombudsman Service. He therefore found it concerning that the investigator accepted the £100 as a fair resolution.

Mr J said that before the default and final demand were issued, he had disclosed to HSBC that he was struggling mentally and experiencing financial abuse, but he didn't think this had been taken into consideration. He didn't accept that the £100 he had received fully addressed the consequences of the misinformation he had received and the failure by HSBC to fully consider his vulnerabilities.

Mr J has raised complaints about how HSBC has treated him and the original provision of the credit by HSBC. A separate complaint has been set up to investigate the issues Mr J has raised about the affordability of the loan, the events at the time of sale and the circumstances surrounding entering into the loan agreement and the support given to Mr J

when he disclosed his wider circumstances to HSBC. This decision addresses Mr J's initial complaint (which HSBC responded to with its final response dated 12 May 2025) about receiving incorrect information when he entered into a payment plan about the notices he might receive and the impact this has had on him.

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.

Having looked through the evidence provided, I can see that following contact by Mr J, and an affordability assessment taking place, HSBC agreed a token payment plan with him on 24 December 2024. I have listened to the calls between Mr J and HSBC on 23 and 24 December 2024. On the call on 23 December and again on 24 December, Mr J was told that he wouldn't be issued with a final demand if he made his payments. So, I understand why at this time he wouldn't have expected to receive any demand notices so long as he maintained his payments under the payment arrangement.

However, Mr J was sent a letter dated 7 January 2025, confirming the payment plan. This letter explained that as the payments Mr J was making wouldn't be enough to cover the overdue amount, he may receive a default notice when the overdue amount met a certain level. This could then be followed by a final demand and possible default. So, while I agree that Mr J was provided with incorrect information on the calls, the correct information was then provided in the confirmation letter.

When incorrect information is provided, we do not require the business to act in line with the incorrect information, but we would expect it to compensate for the distress and inconvenience that had been caused. In this case, HSBC has explained that given the status of Mr J's account and his inability to repay this, the notices were issued. I accept this was in line with the account terms and so I cannot say it was wrong to take this action. However, Mr J was caused upset by thinking the final demand and default wouldn't happen particularly given what he has said about his wider circumstances. I make no finding on the fairness or the forbearance generally or the circumstances at the time the loan was given (this is a separate complaint). But I have considered the impact the incorrect information had on him and in this case I think the £100 paid for this (along with the other actions taken) is reasonable redress.

In conclusion, this decision considers whether HSBC was wrong to send the notices it did. Given the status of his account, and Mr J's financial circumstances I do not find I can say that HSBC was wrong to take this action. I note the default notice and final demand letter both included advice about who to contact if he couldn't meet the demand and also of independent organisations that could provide help and advice.

So, while I do not underestimate the difficulties Mr J has experienced, in regard to this complaint, I do not find I can say that HSBC is required to take any further action.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 3 March 2026.

Jane Archer

Ombudsman