

The complaint

Mr G complains HSBC UK Bank Plc (“HSBC”) closed his account and registered a default against him for an unarranged overdraft without properly notifying him of its intended actions or the need for him to make payment.

Mr G says HSBC’s actions have, and are, causing him and his family significant financial challenge, distress and inconvenience. Mr G says he also had life changing family issues to deal with at the time.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here. Instead, I’ll focus on giving my reasons for my decision.

HSBC should be aware that I have spoken to Mr G about his personal circumstances and recollection of what happened to help me reach a fair and reasonable determination of this complaint. Having done so, I would like to assure Mr G that I do not undervalue the impact the events he has told me about, had on him, and his family.

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.

After careful consideration, I have decided to not uphold this complaint. I know this will disappoint Mr G, particularly as the impact of the default will affect his family finances for several years. So, I will explain why.

Mr G accepts that he ran his overdraft close to its limit, and to his mind it was like managing a credit card. He has also shown that he had substantive enough savings to have paid off the overdraft. But I have seen technical records including statements that show Mr G’s account had gone into an unarranged overdraft. That means Mr G had a debt which was not agreed with HSBC and is typically payable upon demand.

HSBC sent Mr G text messages about the unarranged overdraft, Though, these messages did not demand payment, Mr G didn’t pay off the debt he should have known he didn’t have authorisation to keep.

This brings me to the key issue of this complaint. That is, Mr G says he didn’t receive the letters from HSBC in which it informed him about making payment and failure to do so or make a payment arrangement could lead to a default notice being applied against him. HSBC has sent me copies of the following letters:

- 31 January 2025 dated letter asking Mr G to get in touch regards payment as he is in an unarranged overdraft
- 11 March 2025 dated collections letter. The prospect of a default being applied is

made clear, should Mr G not contact HSBC

- 20 March 2025 dated Pre-demand notice letter where Mr G is asked to repay the debt and the consequences of not doing so could lead to a default being applied against him
- 14 April 2025 dated Formal Demand letter where Mr G is asked to repay the debt and the consequences of not doing so could lead to a default being applied against him

These letters show that HSBC followed the required collections process before applying a default against Mr G. I note Mr G says HSBC should have called him or sent notice electronically. But I haven't seen anything, nor has Mr G said he told HSBC, of communicating to him in this way. It's also general banking practice that important communications are sent by letter.

I would add that these letters are all correctly addressed, and Mr G has not said he was having issues with his post to the extent this was a reported issue to Royal Mail. Mr G has sent me weblinks that highlight postal issues with Royal Mail in different regions to where Mr G lives, and to where HSBC's letters were sent to. There is also media narrative about national issues with Royal Mail failing its delivery targets – principally on a timeliness target. I note too Mr G has sent me a link to an article which shows there were issues with roadworks to improve his residential area which caused disruption and less people to visit around May 2025.

I have considered this information very carefully, and I take onboard what Mr G is saying about national level issues with Royal Mail. But what I have read doesn't definitively show there was a problem in Mr G's residential area with *post*. And given he was sent *several* letters, I still think its most likely Mr G was sent these letters by HSBC - and that they were most likely delivered to him. So, after carefully weighing this up, I'm persuaded its most likely the letters – particularly given how many there were – would have been sent to Mr G.

In reaching my decision, I wanted to understand what Mr G's challenging family issues were. He has told me about a very sensitive situation that his son is facing and the ill health of his mother and wife – and the impact this had had on the family overall. I do not doubt this in any way, and I do appreciate the mental and physical impact they would have had on Mr G. But Mr G says he was still able to deal with his financial matters and would have acted had he received the letters.

Given I think Mr G would have most likely been sent those letters, and they clearly explained the consequences Mr G faced if he didn't make payment or reach an arrangement, I can not find that HSBC did anything wrong. As I don't think HSBC did anything wrong, I have no basis in which to direct it to remove the default and pay Mr G any compensation for the distress and inconvenience he has suffered.

Mr G may decide to explain his sensitive family circumstances at the time to HSBC for it to consider. But as I've said above, HSBC has acted in line with its obligations and done so fairly when applying the default marker against Mr G.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 April 2026.

Ketan Nagla
Ombudsman