

The complaint

Mrs W complains about the way HSBC UK Bank Plc treated her in relation to a security she gave for the debts of her daughter's limited company. I will call that company B.

What happened

In 2020 Mrs W gave HSBC a charge over her property, to secure B's existing borrowing as well as "all money" that B might owe to HSBC in future. B subsequently experienced financial difficulties, and it was dissolved in March 2024. HSBC looked to Mrs W to repay B's debts, and Mrs W complained about the bank's behaviour.

I issued a provisional decision in August 2025 explaining why I was satisfied Mrs W's complaint falls within my jurisdiction. Both parties accepted my conclusions as to jurisdiction, so one of our investigators went on to look at the merits of the complaint.

Our investigator concluded that HSBC's communication with Mrs W had been very poor. She said it was clear that Mrs W had to chase up HSBC on several occasions, and there were many delays in HSBC's responses. As examples of poor communication, our investigator noted:

- Mrs W did not see a formal demand that should have been sent in October 2022 until February 2023.
- HSBC did not tell Mrs W that her payments of £450 (agreed in mid-2023) were not covering the interest due on the debt until June 2024 – and even then, HSBC's communication was to Mrs W's daughter, and not to Mrs W herself.

Overall, our investigator thought that HSBC should pay Mrs W £500 to apologise for the distress caused by its poor communication. But she didn't recommend that HSBC write off any interest, or any of the original debt.

HSBC accepted our investigator's recommendations, but Mrs W didn't think £500 was enough. Briefly, she said:

- She believes that at the time B closed, the amount outstanding on the debt was just under £89,000.
- She was fully aware of her responsibilities under the personal guarantee, but there was a significant delay before HSBC contacted her. It later apologised for the delay and wrote off some interest as a result – but it did not tell her exactly how long that interest free period was, nor did it tell her how much interest was due.
- HSBC suggested that she pay £450 per month towards the debt, which she did for 13 months (making a total of £5,850). After a year, HSBC told her that the amount she was paying did not even cover the interest on the debt. She did not receive a statement, and the bank did not tell her what the balance was or provide a statement.

- She became so concerned that she complained to the Financial Conduct Authority (FCA) in July 2024. Her recollection is that the FCA advised her to stop making payments towards the loan.
- She complained to HSBC directly, but did not receive a response.
- In January 2025 she received correspondence from HSBC's solicitors to say that the amount outstanding was over £105,000, with interest and costs still accruing.
- To resolve the complaint, she considers that HSBC should refund all interest and costs applied from October 2022 onwards. She believes that the outstanding balance, taking into account her repayments, should be just over £83,000.

I wrote to Mrs W to explain why I thought HSBC's offer of £500 was fair. Mrs W did not agree, and so I am issuing this formal final decision to explain my findings.

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.

It's clear that the events that led to this complaint have been extremely difficult for Mrs W and her family. She has given a detailed explanation about what has happened, and I thank her for her openness with us. I have included much less detail in my final decision. I hope she does not see that as a sign of disrespect; it merely reflects the informal nature of the Financial Ombudsman Service.

Having considered everything both parties have said, whilst I am sorry to further disappoint Mrs W I think our investigator's findings were fair. Briefly, my findings are:

- HSBC's communication with Mrs W was exceptionally poor. The bank missed many opportunities to explain the situation to her and caused avoidable distress. It is right that HSBC should pay compensation to apologise for that distress.
- However, I don't think HSBC's poor communication caused Mrs W to suffer a financial loss. That means I will not award compensation for financial loss, and I will not order HSBC to make any changes to the interest that it charged.

I explain further below.

HSBC's communication

I think it's obvious that HSBC's communication with Mrs W was poor. I'm not going to list all of the examples of its poor communication, but there were many instances in which the bank did not properly communicate with Mrs W. It is apparent that the bank was keen to preserve B's confidentiality, but it makes no sense at all to keep information about the amount of a debt from the person liable for paying that debt.

I understand there were also issues with staff sickness. Whilst I understand that sickness might have prevented an individual staff member from contacting Mrs W, HSBC is not a small company, and I see no reason why another member of staff could not have stepped in.

We publish information about our approach to awards for financial loss on our website at <https://www.financial-ombudsman.org.uk/consumers/expect/compensation-for-distress-or->

inconvenience . Taking that guidance into account, looking at what happened, and applying my own judgement, I am satisfied that a payment of £500 represents fair compensation for the distress and inconvenience caused by HSBC's poor communication.

Interest and charges

Everyone agrees that Mrs W owes money to HSBC. She has never disputed owing money. What she disputes is the interest and charges HSBC has applied since it defaulted B's borrowing.

Mrs W is unhappy that HSBC did not offer her a product to allow her to repay the debt. But HSBC was not required to do that. Mrs W's obligation was to pay the full amount of B's debt on demand. If she was unable to do so, I would expect HSBC to treat her fairly and reasonably. However, I have seen nothing that persuades me that it was unfair or unreasonable for HSBC to add interest and charges to the debt. I am aware that HSBC has chosen to waive interest between 21 October 2022 and 4 February 2023, but I don't think it would be fair for me to require the bank to do more than that. I will explain why below.

My aim here is to put Mrs W into the position she would have been in if HSBC had made no errors. I have therefore considered what would have happened if HSBC had given Mrs W more information at an earlier stage. Mrs W has suggested she would have made different choices in that case. But in light of the available evidence, I am not satisfied that Mrs W would now be in a better financial position if HSBC's communication had been better. Put another way, I don't think HSBC's poor communication has made a material difference.

Mrs W has said that if she'd realised her payment of £450 per month wasn't even covering the interest on the debt, she would have done something else. She said she might have paid more towards the debt, or perhaps borrowed money from elsewhere in order to repay HSBC. But her recent comments are difficult to reconcile with the comments she and her daughter made to HSBC in 2023 – and they are also difficult to reconcile with her subsequent actions.

Mrs W has suggested that she might have remortgaged her property with another lender if HSBC's communication had been better. But I can't see that HSBC has done anything that would have prevented her from taking a loan with another lender in order to repay HSBC. It was always open to Mrs W to approach another lender, and she could have done so regardless of HSBC's poor communication.

I know Mrs W is concerned that her payments of £450 per month were not "going to good use". But they were being used towards the interest on the debt, and I don't criticise the bank for using them in that way.

Mrs W has also made clear that the figure of £450 was suggested by HSBC, and not by her or her daughter. However, I can see that the bank asked her for details of her income and expenditure, and I am satisfied that the £450 figure was agreed after a discussion of Mrs W's financial position. I can see that Mrs W's daughter told HSBC in May 2023 that a payment of more than £450 per month would leave her and her mother unable to eat and live. In light of the evidence Mrs W and her daughter shared with HSBC – and taking into account the fact that she has not made any payments at all for some time – I am not persuaded that she would have been willing to make a payment of more than £450 per month even if the bank had behaved differently.

I recognise that Mrs W has said the FCA advised her not to pay, but she has not been able to provide me with any documentary evidence on that point. She has explained that the FCA representative made the remark during a phone call. I think it is possible that Mrs W may have misunderstood what the FCA's representative said. However, even if the FCA did tell

Mrs W to stop paying, she knew that she owed money to HSBC and she knew that HSBC had not told her to stop paying. Whilst I accept that HSBC could have given Mrs W clearer information at an earlier stage, it has nevertheless been consistent about the fact that it believes Mrs W owes a debt and that interest and charges continue to accrue. In the circumstances, I see no reason why HSBC should not be entitled to those amounts.

It also appears that Mrs W may have assumed that interest and charges would stop while her complaint was being considered by the Financial Ombudsman Service. But again, I can't see that HSBC has done anything wrong in continuing to apply interest and charges, so I will not order the bank to write them off.

My final decision

My final decision is that I order HSBC UK Bank Plc to pay Mrs W £500 to apologise for its poor communication. I make no other award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 9 April 2026.

Laura Colman
Ombudsman