complaint

Mr M complains about a personal loan, credit card and mortgage all of which he holds with HSBC Bank plc ("HSBC").

background

Mr M says that despite paying his mortgage he received threatening letters from HSBC saying he was in arrears. He says these letters cause distress to him and his family. This upset caused him to injure his knee.

Mr M also complains HSBC took mortgage payments despite writing to say the payment was £0.00.

Mr M also complains about his personal loan. He says he was unware the account was being closed as he missed correspondence from the bank when he broke his knee. He also complains that the account was passed to collections.

Finally, Mr M complains that he's unable to use the credit shown on his credit card account because HSBC took his card away. He says he paid a late fee and other friends who did this got their card back. He feels it is unfair that he longer has a credit card when he is maintaining monthly payments to the balance and when the internet screen shots of the account show he has an available balance but no card to spend it on.

Our adjudicator considered these complaints but decided not to uphold them. Mr M disagrees with this view, so the matter has come to me for a decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Mr M has given a lot of detail, which I've taken into account. And I've set out my decision in respect of each of the 3 main areas of complaint below.

mortgage

Mr M agreed to pay his mortgage on 19th of each month, but began making payments before this date. Mr M complains that HSBC sent him threatening letters saying he was in arrears and that his home was at risk, which upset his family.

I've looked at the letters Mr M relies upon. HSBC says these were automatically generated because no payment was received on the agreed payment date of 19th. Mr M set that date, so I don't think the bank did anything wrong in issuing an automated letter when no payment was made on it.

And whilst I agree the letters were headed "outstanding mortgage payment" and warned about house repossession, each letter states "*If you have recently made a payment to clear the full amount due, **please ignore this letter***," (my emphasis). Mr M knew he had already paid the full amount, so the rest of the content of the letter didn't apply to him. Given that, I can't see that the letters were threatening, especially as the content of the letters simply explained the risks if payments weren't made. These were standard format letters and I think

Mr M would've understood this. Sensibly the letters recommended future payments to be made by Direct Debit.

Eventually, Mr M did set up a Direct Debit in November 2014, he agreed a new payment date and the amount to be deducted for the mortgage was given. I can see that an error was made in letter of 10 November 2014, which said future payments would be £0.00. I agree an error shouldn't have been made but I don't think Mr M was misled by this. He knew he had an outstanding balance and had set up the direct debit with the Mortgage Collection Team on 1 November. HSBC wrote to Mr M confirming the date of the direct debit and the amount of future payments, all of which Mr M had already agreed to. So Mr M should've known this was an administrative mistake

HSBC has apologised for the administrative error it made. I think that was a fair and reasonable response, so I'm not going to ask it to do anything else.

Mr M says he fell because of he was distressed by the letters he'd received from the bank. He suffered a bad knee injury. He says this is why he missed some letters from the bank about his loan.

I am sure this was a difficult time for Mr M but there's nothing to show that any letters caused a fractured knee and I agree with our adjudicator that it wasn't foreseeable Mr M would injure his knee because of anything HSBC wrote.

Taking all this into account, I'm not upholding this part of the complaint.

loan

I've looked at the records from the time. It's clear that Mr M missed payments in 2013. Our adjudicator has set out that payments were missed May and June 2013. A payment plan was set up in July 2013. Mr M was told the account was still subject to the normal collections process and he could be issued with a Default Notice and Final Demand letters, where appropriate. Mr M missed the second payment in September. An arrears notice letter was sent in November and Mr M was issued with a Final Demand in December 2013. The account was closed in March 2014 and passed to collections.

It's clear that Mr M received letters about the original arrears because he set up the payment plan. I appreciate that he made payments after this but he didn't make up the missing payment and defaulted again in September. Under the terms and conditions for the loan, HSBC was entitled to issue a final demand and I'm satisfied that Mr M was on notice of this from the letters I've set out above. I appreciate that Mr M was suffering from a fractured knee but he remained liable for repaying the loan under the agreed terms. Mr M has said he lived with a friend for 3 months, but there's nothing to show that he told HSBC to use a different correspondence address.

Mr M also complains about the account being passed to a collections service. HSBC agrees this service fell under its group but it was a separate limited company, regulated by the FCA. Given some debt remained outstanding, the bank was entitled to pass it to collections. Mr M has spoken about businesses fined by the FCA, but I remind him that we are not the regulator. We offer an informal dispute resolution service and we have no regulatory or disciplinary role. And we cannot make the bank change its systems or processes.

Taking everything into account, I can't see that HSBC did anything wrong here.

credit card

I appreciate Mr M feels he should be allowed access to a card and has spoken about his friends, but I can only look at the individual circumstances of this complaint.

There's no dispute that Mr M missed a series of monthly payments in 2013. I appreciate that Mr M was abroad having lost a family member and I sympathise with him for that loss. But under the terms and conditions of the account (as set out by our adjudicator), HSBC was entitled to cancel use of the card because of that non-payment. And there's no dispute that Mr M spent on the card so he remains liable for the outstanding balance. It was an agreed term that 24.9% interest is payable on that balance and that's clear from the statements Mr M has received.

HSBC has explained that because of the way its systems are set up, the internet screen and statements show an available credit. The internal systems don't allow this to be changed.

I agree with our adjudicator that HSBC was entitled to cancel the card and I'm satisfied Mr M understood the card was cancelled. I appreciate the internet screen shows a credit but as HSBC has explained that isn't available to Mr M. It's a matter for Mr M whether he wants to apply for a new credit card.

As Mr M began to meet the minimum payments, HSBC decided not to send the account to collections, again that was a decision it was entitled to make.

my final decision

I appreciate that Mr M will be disappointed but for the reasons set out above, I am not upholding this complaint, so HSBC Bank plc doesn't need to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 February 2016.

Sarah Tozzi
ombudsman