

complaint

Mr Z complains that HSBC Bank plc is requiring that he repay the debt of a company, under his personal guarantee, and about its conduct of his own business account. He wants the bank to agree not to require him to repay the debts involved.

background

Mr Z established a company in 2006. HSBC provided the company with a current account, a loan account and a commercial credit card. It required Mr Z to give his personal guarantee for the company's debts.

Unfortunately, Mr Z became ill soon after establishing the company and was not able to build the business as intended. He managed to meet the required regular loan repayments, but the company was dissolved in 2010. Mr Z continued to use the company current account and credit card after that date. The bank has since demanded that the outstanding company debt be repaid by Mr Z under his personal guarantee.

Mr Z opened a business account in his own name in 2012. This subsequently went overdrawn, and HSBC is also requiring repayment of this debt by Mr Z.

Mr Z first complained to this service that a Payment Protection Insurance (PPI) policy had not provided the intended cover when he became ill, and he said that this policy had been mis-sold. After investigating this complaint we found that the policy was taken out by the company and not Mr Z – which meant it was the company that had to make that complaint. However, as the company had been dissolved this was not possible, and we were unable to consider that complaint further.

This new complaint only relates to HSBC's dealings with Mr Z in his personal capacity – as a guarantor of the company and a holder of a business account in his own name. He considers the bank has dealt with him unfairly by requiring that he repay these debts.

Our adjudicator did not recommend that the complaint should be upheld. She concluded, in summary, that the bank had not acted wrongly on either the guarantee or the business account, and was entitled to seek recovery of the outstanding debts. She did not consider that there was any reason why the bank should write off the debts or pay Mr Z any compensation.

Mr Z has not accepted the adjudicator's conclusions. In summary, his response makes a number of points relating to what he believes was the mis-selling of the PPI policy to the company, and says that he would not now be required to repay the outstanding debts if that policy had been effective.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I appreciate the very difficult personal circumstances that Mr Z has faced, and that he made great efforts to try and keep the company going during his illness. However, I am required by the rules under which this service was established by Parliament to decide this complaint on an objective basis.

As has already been explained, this service is not able to consider a complaint about mis-selling of the PPI policy to the company, because that company has been dissolved. I am afraid I cannot take that matter into consideration when looking at Mr Z's own complaint about his guarantee liability and the business account debt.

On the guarantee liability, Mr Z signed the guarantee document, and initialled it in two places to show that he had read the bank's strong recommendations that he obtain independent legal advice before doing so. If he chose not to take that advice then that was his decision. As the adjudicator has already explained, we generally regard a person as bound by a document they have signed, whether they have read/understood it or not. I therefore consider it fair and reasonable for HSBC to hold Mr Z liable under that guarantee.

On the business account in his own name, I find that HSBC managed the account in an appropriate manner, and in line with normal banking practice. I again consider it fair and reasonable for HSBC to require Mr Z to repay the outstanding debt.

my final decision

My decision is that I do not uphold this complaint.

Malcolm Rogers
ombudsman