

complaint

Mr W complains about how HSBC Bank plc managed the debt on his current and loan accounts.

background

Mr W had an overdraft on his current account of £382.45 and a loan of £1,838.63. He says he was told his current account debt would be written off and wouldn't be sent to a debt collection agency. The bank sent both debts to a collection agency. They were chasing him for the total amount of £2,221.08.

Mr W says he has difficulty reading and writing. The bank knew he preferred to communicate by telephone. He said that:-

- he didn't think he owed any money to the bank on his current account. In a call in April 2013 the bank had told him the current account debt would be written off.
- he received a letter from the bank in January 2014 which confirmed the current account debt had been written off. The bank also sent him a cheque to refund a small credit on his current account.
- he had many chasing calls from the debt collection agency for a debt he didn't think he owed and felt these were harassing.
- his wife had received silent calls which she found upsetting.
- he thought someone had stolen money from him because the bank said he was in credit on his current account but the collection agency said he owed over £300.
- he was asked to write things down or write letters which he felt was offensive given his difficulties which the bank and collection agency knew about.

The bank said it didn't have a copy of the April 2013 call. It considered the complaint and offered to write off the amount of the current account debt.

The adjudicator didn't uphold the complaint. He agreed that the bank's letter about Mr W's current account debt wasn't clear. But he felt that where an amount is borrowed it is reasonable to expect to pay it back. He didn't think the bank was unfair in transferring the debt to the collection agency or that the collection agency had harassed Mr W. He felt that the amount the bank offered to write off was fair compensation.

Mr W didn't agree. He felt that the bank had told him his current account debt was written off and he'd suffered a lot of distress and inconvenience.

my findings

I've considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

I think Mr W genuinely believed that the bank had written off the debt on his current account. I think it was reasonable for him to believe it'd been written off because:-

- the bank's letter of January 2014 is very confusing and unclear and did refer to writing off debt. I think anyone would find it confusing. The bank had also closed Mr W's current account and sent him a cheque for the small credit balance.
- I don't think the bank took enough care to make sure it explained clearly what it was doing.

In reality I think the bank had written off the current account debt in its records but not written off the actual debt which it transferred for collection. But I don't think it's Mr W's fault that he didn't understand that. The Lending Code says that banks must make sure their communications are clear, fair and not misleading and use plain language to help customers better understand. I don't think the bank did this. But Mr W isn't entitled to have the current account debt written off just because he was misled about this.

I think that Mr W suffered distress and inconvenience due to mistakes by the bank and its collection agency. It chased him for money he didn't think he owed and didn't explain itself clearly. I've considered the impact on Mr W and even though he was misled he didn't change his position. Having considered our published guidance I think the level of distress he suffered is moderate. I think that the bank has made a fair offer to write off the current account debt because of the distress and inconvenience caused. This amount is higher than the amount I would have awarded in this case so I will not make any further award for distress and inconvenience.

my final decision

My final decision is that the bank has made a fair offer.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr W to accept or reject my decision before 10 September 2015.

Colette Bewley
ombudsman