

complaint

Mr G complains about the terms of a managed loan he took with HSBC Bank PLC ("HSBC"). He also complains that HSBC didn't treat him fairly when he fell into financial difficulty.

background

Mr G consolidated debts from a current account, a loan and a credit card into a managed loan in 2008. He says HSBC mis-sold him that loan and he's raised concern about the level of interest and charges.

In 2010 Mr G fell into financial difficulty. He told HSBC about this and they agreed to him making reduced payments from August 2010. The loan remained in arrears, so in early 2011 HSBC issued Mr G with a formal demand. It then closed the account in March 2011, passing it to a collections agency.

Mr G feels that HSBC could've done more to help him. He paid off the balance of the debt in September 2014 and would like the default removed from his credit file.

Our adjudicator considered the complaint. She told Mr G this service was unable to deal with the first part of his complaint about the terms of the loan. She also thought HSBC had acted positively and sympathetically towards Mr G so didn't uphold the part of the complaint relating to financial difficulty. Mr G 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.

the managed loan account

As our adjudicator has explained, we're not able to consider all complaints that come to us. We're bound by the rules that govern our service. Mr G took out the loan in 2008, that's over 6 years since he brought the complaint to us and it's been over 3 years since he knew or should reasonably have known he had a complaint. Under the rules we can only look at this complaint if HSBC agrees. HSBC doesn't agree to us considering this part of the complaint and I can't see there are any exceptional circumstances here, so I'm not able to take it any further.

financial difficulty

In or around 2010 Mr G fell into financial difficulty due to his personal circumstances. He approached HSBC for help. They agreed to accept reduced payments towards the loan.

Where there are financial difficulties, a bank must treat the customer sympathetically and positively in relation to any debt that the customer has to the bank. HSBC accepted reduced payments for 8 months. As Mr G's position wasn't improving the loan was defaulted and passed to a debt collection company to manage. HSBC was entitled to do this and at this point no further interest or charges were added. Mr G cleared the debt in September 2014.

I appreciate that Mr G feels other banks did more to help him and I don't doubt that this was a difficult time, but I've got to decide whether I think HSBC acted sympathetically and positively. Overall, I think it did. It gave Mr G time to sort out his financial position but it wasn't required to do this indefinitely.

I've looked at the credit file and I agree that it accurately records this debt. It's normal for a default to remain on a credit file for six years after it's recorded. And that is the case whether or not the account holder subsequently clears the debt. So I can't reasonably require HSBC to remove the default from Mr G's file or take any further action.

my final decision

I appreciate that Mr G will be disappointed, but for the reasons I've given, I am not able to consider the part of the complaint about the terms of the managed loan.

And as I've explained I am not upholding the complaint relating to Mr G's financial difficulty. So HSBC Bank Plc doesn't need to do anything.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 March 2016.

Sarah Tozzi
ombudsman