

complaint

Mr M complains that HSBC Bank Plc mis-sold him his mortgage, irresponsibly increased the limits for his unsecured debts, and gave him poor customer service. He wants some of the debt written off.

background

Mr M took out a mortgage with HSBC. He said it was mis-sold because HSBC didn't take his other debts into account – it wasn't affordable. Mr M's property was eventually repossessed in 2008, but Mr M still owed HSBC money. Mr M felt this was unfair, particularly as he said HSBC's solicitor had offered him a deal to settle which was later withdrawn. Mr M also felt HSBC had been too difficult to deal with during his financial difficulties.

Mr M complained to HSBC, who said it didn't advise him to take out the mortgage. At the time, there was no evidence the mortgage wasn't affordable or that Mr M was in financial difficulties. It said Mr M signed documents to confirm the amount of his debts, supplied a letter from his employer saying what he earned each year and passed the credit scoring in place.

Mr M complained to us. HSBC pointed out to the adjudicator Mr M had managed to pay the mortgage without any difficulties for some years after it was taken out. It thought Mr M had lost his job, which caused him to then struggle. It denied encouraging him to borrow money when he was in financial difficulties. Mr M said he managed to pay the mortgage for a while, but was struggling to pay his other debts to HSBC at the same time. He said he's been paying the mortgage with his credit cards. Mr M said HSBC kept increasing his overdraft limit and the credit limit on his credit cards, even he was struggling financially.

The adjudicator's view was that HSBC hadn't mis-sold him the mortgage, or increased the limits on his overdraft and credit card irresponsibly. But he didn't think HSBC had properly dealt with Mr M's complaints and should pay him £200 for his trouble and upset.

Mr M disagreed. He thought the mortgage was mis-sold and based on an incorrect assessment of his salary. He also said the credit cards were used to pay HSBC and the limits shouldn't have been increased. Mr M said HSBC's solicitors offered to accept less than what he owed at one stage. HSBC accepted what the adjudicator said.

my findings

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

I don't think the mortgage was mis-sold. HSBC didn't advise Mr M about it, but did collect information to fairly and reasonably consider his application. Mr M's employer at the time sent HSBC a letter which said his employment was full-time and permanent with a salary much higher than Mr M now says is correct. It's fair and reasonable for HSBC to rely on that letter. Its decision to lend to Mr M appears fair and reasonable in the circumstances.

I also can't say the decision to increase the limits on Mr M's credit card and overdraft was irresponsible. HSBC explained to Mr M why the limits were increased, and it was his choice to spend the money. Mr M knew about the increases. I appreciate Mr M says he used the cards to pay his mortgage, but that doesn't mean it was irresponsible for HSBC to increase the limit, particularly as Mr M was a graduate and looking for work.

Mr M says HSBC's solicitors offered to accept less to repay his debt, but hasn't sent evidence of that. But in any event, I can't look at what happened in court proceedings or give Mr M advice about the offer he says was made to him, particularly if it was withdrawn due to Mr M entering an individual voluntary arrangement.

I think it's more likely than not Mr M has been making his complaints from at least 2007. I accept the evidence is limited as so much time has passed and HSBC didn't have keep such documents for more than six years. But I think if Mr M had known about the Financial Ombudsman Service, he'd have come to us much earlier; I think it's more likely than not he didn't get a final response to his complaint in 2007. I agree HSBC hasn't properly dealt with Mr M's complaints, and it's because of this I think Mr M should get compensation for his trouble and upset. As most of Mr M's upset seems to be about the lending and the effects of the debt and repossession on his life, I agree £200 is fair and reasonable compensation.

my final decision

My final decision is that I uphold the complaint and HSBC Plc should pay Mr M £200 compensation for his trouble and upset. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 March 2016.

Claire Sharp
ombudsman