

complaint

Mr D complains that HSBC Bank Plc was neither supportive nor sympathetic when he encountered financial difficulties after giving up work to become a full time carer.

background

In October 2009 Mr D became a full time carer. He had a loan with HSBC and says it refused to reduce his monthly payments. That caused him financial difficulty and subsequently he took out a debt relief order. The bank says the loan was a managed one to help Mr D deal with previous financial problems and that it was unable to accept reduced payments.

When the loan was transferred to a collections agency Mr D complained to the bank about its refusal to accept reduced payments. The bank rejected the complaint and he brought the matter to this service. The adjudicator did not recommend that it be upheld. He considered the managed loan set up before Mr D left work was the final option available to him before the bank transferred the loan to a debt collection agency. Mr D did not agree and said he had not been told that the managed loan was a final solution and that he had been duped by the bank. He had been willing to make reduced payments to pay off his loan and the bank had not been reasonable in refusing his offer.

my findings

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

Mr D encountered financial problems before giving up work to become a full time carer. He says he did not have problems but saw this as a restructuring of his existing loan to give him some spare cash. He entered into an agreement with the bank which involved it giving him a loan to clear his debts. The terms and conditions make it clear that this was a managed loan and he was required to surrender his credit and debit cards. Such a requirement suggests Mr D should have been aware that this was not a simple restructuring of his debts.

Later on when he had to give up work he approached the bank through a debt management charity to ask if he could make reduced payments. The bank's policy was not to accept reduced payment requests for managed loans and to pass the outstanding debt to a collections agency which is what it did.

I note that in his submission to me Mr D says he was not aware that the managed loan was the last step and that he would not be able to make reduced payments. However, the terms and conditions make it clear that this is a serious step and the bank was entitled to refuse to accept his offer of reduced payments.

Mr D has also complained about the fact that his payment protection insurance (PPI) did not pay out when he was unable to maintain his loan. The bank has confirmed that it has repaid Mr D his PPI payments plus interest. However, it points out that he last paid PPI payments in September 2008 and none were made in connection with the managed loan. While the payments may have increased his indebtedness prior to 2008 I do not consider that they were the cause of him having to enter into a managed loan.

In conclusion while I have sympathy with Mr D and recognise his efforts to repay his debts I cannot safely conclude that the bank has done anything wrong.

my final decision

My final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I am required to ask Mr D to accept or reject my decision before 6 February 2015.

Ivor Graham
ombudsman