

complaint

Mr B complained that HSBC Bank Plc gave him poor service on his student account, which it closed and sent to debt collectors.

background

Mr B opened a student account in October 2011. He already had a current account with HSBC, which he kept. He had an overdraft limit of £800 on his student account, and £200 on his current account.

Mr B withdrew money from his student account until it reached £796.66 in debit by the end of February 2012. He didn't make any payments in for the rest of 2012.

HSBC wrote to Mr B about his student account. On 4 July, the bank wrote to Mr B, saying that when an overdraft was agreed, Mr B was expected to pay in regularly. It asked Mr B to get in touch and offered help if he couldn't pay anything in.

There's no evidence Mr B contacted HSBC in response. The bank wrote again throughout 2012, on 14 July, 8 August, 7 September, and 8 October. On 7 November, HSBC wrote again, saying it had withdrawn the services and needed immediate payment. It wrote again on 16 November and 13 December. Mr B was told that the debt would be referred to debt collectors and that his credit file would be affected. Mr B paid in £10 in January. On 10 January 2013 HSBC sent a formal demand, giving 18 days to pay off the full outstanding debt. Mr B made no more payments and didn't contact the bank. HSBC closed the account and sent it to debt collection in February 2013.

In June 2014, Mr B rang to complain to HSBC. He was unhappy that he'd had letters from HSBC, and said he didn't want to deal with debt collectors. HSBC told him he'd need to arrange a repayment plan with the debt collectors who now owned the debt. HSBC also gave him the phone number for the financial guidance team, if he wanted to discuss financial difficulty.

In March 2016, Mr B wrote to complain to HSBC. He complained about multiple issues including not being recognised as a student, both when he was a student and afterwards. He said his account had been sold off to creditors without Mr B being aware or allowed to find a resolution. He complained about charges and said HSBC customer services were appalling. He was also critical of local branches, saying he'd visited on many occasions to get advice, but had been treated unprofessionally.

HSBC's reply didn't agree that Mr B hadn't had a chance to repay the debt on his student account. It pointed out all the letters it had sent him, including the final demand which set out what would happen if Mr B didn't respond. The account had been closed, a default put on Mr B's credit file, and the account sold to debt collectors. HSBC pointed out that all letters had been sent to the address which it held for Mr B, and none had been returned.

Mr B wasn't satisfied and complained to this service.

The adjudicator considered HSBC had acted fairly. She pointed out that no charges had been applied to Mr B's student account, and the small amount of charges on Mr B's current account were the result of his going over his overdraft limit. The adjudicator also set out all the letters about the account which HSBC had sent to Mr B's registered address. She noted

that Mr B had said he'd visited a branch on several occasions and didn't offer assistance – but said it would have been reasonable for Mr B to have contacted HSBC some other way, as suggested on the letters, if he wasn't satisfied with the branch.

Mr B was very angry with the adjudicator and said she was biased towards the bank.

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 key issue relates to HSBC's closure of Mr B's account. By the end of February 2012, a few months after Mr B opened his student account, his balance was within a few pounds of his maximum £800 overdraft. After that, he only made one more £10 payment into the account, in January 2013.

I've looked at all the letters HSBC sent Mr B about the money he'd spent and not paid back. There were nine letters, over a period of nearly a year, before the bank closed the account. The letters were sent to Mr B's registered address, which is also the address he gave this service. So I don't accept that Mr B was unaware that the bank wanted him to get in touch and repay the money he'd spent. The letters also offer help, and give phone numbers and the opening hours. So the evidence also doesn't show that Mr B had no opportunity to resolve his problem.

I have also looked at the records of Mr B's debt, and there is no evidence Mr B was charged any fees on his student account.

Mr B said he did ask for help at branches, and staff were unprofessional and blocked him with frustrating, unnecessary and appalling barriers. He doesn't say what those barriers were, or in what way the staff were unprofessional. Mr B also hasn't provided any information about when he visited, who he spoke to, and how any request for help was refused, before HSBC closed the account in February 2013. But if Mr B thought branches weren't helpful, I find it would have been reasonable for him to have tried the numbers on the bank's regular letters instead. The letters also gave contact details for debt advice organisations, and there's no evidence Mr B contacted these either.

I find that it was fair and reasonable for HSBC to close Mr B's account in February 2013. It had written to him regularly, had offered help. Mr B had spent his overdraft and had had a debt of nearly £800 for a year. There's no evidence he had got in touch with HSBC to discuss any financial difficulties or how to pay back the money he owed. So I don't find HSBC did 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'm required to ask Mr B to accept or reject my decision before 26 September 2016.

Belinda Knight
ombudsman