

complaint

Mr and Mrs K complain that charges applied to their accounts by HSBC Bank plc were unfair and should be refunded.

background

Mr and Mrs K used a debt advice charity when they got into financial difficulties. But they say HSBC carried on applying charges to their debts. They feel this is unfair.

HSBC says it responded positively and sympathetically to Mr and Mrs K's situation. It agreed to all repayment plans put forward by the charity. But it wanted Mr and Mrs K to put their HSBC debts into a managed loan. This was to reduce fees and interest. Mr and Mrs K didn't want to do this.

Our adjudicator didn't uphold the complaint. He felt HSBC had acted reasonably and wasn't obliged to refund Mr and Mrs K's charges.

Mr and Mrs K don't agree. They think as other companies waived their charges HSBC should do the same.

my findings

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

Mr and Mrs K feel strongly about this matter. While I realise they'll be disappointed I've reached the same conclusions as the adjudicator and for much the same reasons.

Mr and Mrs K have now paid off all of their debts. So there's no longer any debt to be reduced by a refund of charges. But they still think the charges they've paid were unfair and should be refunded. I appreciate Mr and Mrs K say other companies have refunded their charges but that doesn't mean that HSBC has to do the same.

But banks should try and help when they find out customers are having financial problems. When HSBC became aware Mr and Mrs K had financial problems it suspended all debit interest and overdraft fees for a month. At this time Mr and Mrs K were working with the debt advice charity to manage their debts. The charity put forward numerous repayment plans to HSBC from 2008 to 2010. HSBC accepted all of these plans but wanted the debts to be put into a managed loan. It says this would've helped by reducing Mr and Mrs K's fees and interest.

In 2009 Mr K and Mrs K did agree to a managed loan but then cancelled the agreement on advice from the charity. I've seen the letter the charity sent Mr and Mrs K advising them not to take out a managed loan. As Mr and Mrs K were working with the charity to reduce their debt I can understand why they took its advice. I think HSBC could've been clearer about why it wanted a managed loan.

But HSBC also refunded charges and interest totalling £302.90 in 2009, and later stopped all charges. I think HSBC did respond positively to Mr and Mrs K's situation which is what I would expect it to do.

I can understand why Mr and Mrs K were frustrated by some of the correspondence from HSBC. But banks have to give notice of defaults even if a payment plan is in place.

Mr and Mrs K are concerned that the managed loan taken out but then cancelled in 2009 is shown on their credit file. But they haven't shown that this caused them any loss. There's no disagreement over this. Both sides agree the loan wasn't taken out. So HSBC should ensure any record of it is removed from their credit files.

Mr and Mrs K have now raised other complaints about credit card interest and a card protection policy. If they can't sort out these issues with HSBC they might want to consider making a separate complaint.

my final decision

My final decision is that HSBC Bank plc should arrange for any record of the 2009 managed loan to be removed from Mr and Mrs K's credit file, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr and Mrs K to accept or reject my decision before 23 October 2015.

Bridget Makins
ombudsman