

complaint

Mr B complains that HSBC Bank Plc shouldn't have passed the overdraft debt on his business account to their debt recovery team. He wants this action reversed and his account reopened as he says that he was ill and this hindered his ability to make payments. He'd also like HSBC to remove any information they have entered on his credit file and to compensate him for the trouble he says they've caused him.

background

Mr B has been struggling to make payments to clear off the overdraft arrears on his business account and the bank has been writing to him about this since November 2014.

When Mr B told the bank about his illness the bank agreed to freeze interest and bank charges to give him a chance to recover and get back into a situation where he could make payments. They regularly reviewed and extended this agreement during 2016 but unfortunately Mr B's financial situation didn't improve. A final demand letter was eventually issued in September 2016 and the debt was handed to the bank's internal debt collection team. The debt at this point was just under £2,000.

Unfortunately the debt collection team wrote to Mr B's old address when they first took on the debt. The bank apologised to Mr B for this and has paid him £100 in compensation for the inconvenience this caused. In December 2016 Mr B set out his concerns to the bank. Mr B wasn't happy with their response and referred it to us.

Our adjudicator thought the bank had responded to Mr B's financial situation in a positive and sympathetic manner by delaying any collection activity. She didn't uphold Mr B's complaint. But Mr B disagreed and he asked for this review.

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 know it will disappoint Mr B but I agree with the adjudicator's view here and for similar reasons.

The bank first wrote to Mr B in November 2014. I've read their letters and I think they provided adequate warning that the overdraft on his business account could be cancelled and a demand letter issued. I can see that during 2015 the bank continued to write to Mr B because the debt was not being reduced and payments were not being made to the account. They continued to advise that the overdraft facility could be removed and the debt could be called in.

When the bank became aware of Mr B's illness and inability to work I would have expected them to be sympathetic to Mr B's situation, and they were. They stopped charging interest and didn't make any other charges for several months and they regularly reviewed and renewed this agreement during the first half of 2016.

I understand that a letter went missing in October 2016. This was a letter from the internal debt collection department at the bank telling Mr B that they were now dealing with the debt. Whilst I understand that this was a mistake by the bank I don't think it was particularly detrimental. A warning of a final demand and the final demand had already been sent to Mr B at the correct address and he would therefore have been aware of the bank's intentions.

I think the bank have acted as they should have done. This issue has been ongoing since November 2014 and since that time:

- The bank has regularly warned Mr B that if he didn't act to make payments against his debt there would be implications.
- When Mr B fell ill the bank were sympathetic and stopped interest and charges on his debt for a lengthy period.
- Since it has become apparent that Mr B is not making progress in repaying the debt, they have provided adequate notice of the implications their intention to recover the debt from him.

Whilst I have the utmost sympathy with the situation Mr B finds himself in. He has had the benefit of the money provided by the bank and the important thing is that they seek repayment in a reasonable manner. I think they have here.

It is a matter for HSBC to decide whether it is willing to provide Mr B with banking facilities – either in a personal or business capacity. We wouldn't normally instruct a bank to do so. And I see no reason to do that here.

Mr B has commented about information the bank may have recorded with credit reference agencies. HSBC is entitled to do so – provided it is an accurate reflection of how Mr B has operated his account.

I can find no reason to suggest that the bank has done anything wrong and I therefore won't therefore be asking them to take any further action.

my final decision

For the reasons given above 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 15 May 2017.

Phil McMahon
ombudsman