

complaint

Mr G complains that HSBC Bank Plc sold a debt to Arrow Global which didn't exist. He says he never signed a loan agreement and didn't give his permission for his details to be passed to a debt collection agency.

background

Mr G entered into a Managed Loan agreement with HSBC sometime prior to 2006. The debit balance as at June 2006 was £4,442.88. Mr G made monthly payment of £91.81 towards the loan but it fell into arrears in 2009. Mr G's last payment was made in March 2011.

HSBC issued a default notice on 12 December 2012 followed by a final demand letter on 13 February 2013. The loan was closed on 13 March 2013 and a default was registered on Mr G's credit file.

On 28 March 2014 HSBC sold the debt to Arrow Global. At the point of sale the debit balance was £438.20.

Mr G says he's never been provided with a copy of the loan agreement and he doesn't believe he signed one. He doesn't think he owes any money.

The investigator didn't uphold the complaint. She said that although HSBC hadn't been able to provide a copy of the loan agreement, there was enough other information from HSBC to show that the loan belonged to Mr G. the investigator said that because the loan had fallen into arrears, HSBC was entitled to default the loan.

Mr G didn't agree. He didn't accept the information provided by HSBC and said he thought the monthly payments of £91.81 were for an insurance policy not a loan.

my findings

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

HSBC hasn't been able to provide a copy of the loan agreement. This is because the agreement was issued more than 6 years ago. Under data protection rules, a bank is only required to hold information for a reasonable period. In these circumstances, 6 years is reasonable.

I've looked at the other information which has been provided about the loan. This includes statements which show that Mr G made payments every month from 2006 until 2009 and continued to make payments from 2009 until 2011 (until he defaulted). I've also looked at the arrears letter which was sent to Mr G in April 2012, the default notice which was sent to Mr G in December 2012 and the final demand which was sent to Mr G in February 2013. All of this correspondence was sent to Mr G at his registered address. There's nothing to suggest that he queried the loan at any time between 2006 and 2013, which I would have expected him to do if he didn't think that he had entered into a loan agreement.

Taking all of the information into account, I'm satisfied that Mr G had a managed loan and I'm satisfied that it fell into arrears. Because of this, I can't say that HSBC has done anything wrong in defaulting the account and subsequently selling the debt to Arrow Global. HSBC

aren't required to obtain Mr G's permission to sell the debt, which includes information about the account and his registered details.

my final decision

My final decision is that I do not uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 April 2018.

Emma Davy
ombudsman