complaint

Mr S complained about his card with HSBC Bank Plc. He thought the bank shouldn't be charging him interest.

background

Mr S had a branded credit card which was administered by HSBC. The branded card supplier made a commercial decision that from early 2010 it would no longer offer the product and the account would be closed. It wrote in advance to tell Mr S, who had an outstanding balance on the card. Mr S said he couldn't pay off the balance straightaway, so he started gradually paying off the balance.

In 2015, Mr S complained. He asked HSBC why his account had been closed; why he hadn't been offered an alternative card; and why the bank was charging interest on his outstanding balance.

HSBC said it had been a commercial decision for the branded card to be closed. So Mr S couldn't make any new transactions from 2010, but the terms of the agreement would remain in place until the balance was cleared. HSBC said it wasn't required to offer an alternative product, but Mr S could apply for a separate card if he wanted to. The bank also said the existing terms and conditions set out that Mr S's card would be debited with interest, and said if he didn't want to pay interest in future, he could repay the full balance, or transfer the balance to another card provider. Otherwise, interest would continue to be added in line with the agreement. Mr S wasn't satisfied and complained to this service.

The adjudicator looked at the terms and conditions of Mr S's account. This said the agreement could be ended by giving 30 days' advance notice to customers, which had been given to Mr S. This document also said the terms and conditions would continue to apply until the balance had been fully repaid. So she couldn't ask HSBC to stop charging Mr S interest. She also noted that Mr S hadn't said he was in financial difficulties, and said that if this changed he should contact the bank.

Mr S wasn't happy. He said he didn't think it fair to be charged interest when the branded credit card was no longer in business. He also said he'd been trying to claim Payment Protection Insurance (PPI) on his account.

my findings

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

What happens on Mr S's credit card is governed by the terms and conditions he agreed by signing up for the card. These do provide for the card to be ended with notice, which Mr S was sent. And they also explain the terms and conditions carry on until the balance is clear – which includes adding interest. So HSBC was entitled to add interest on Mr S's outstanding balance. So I can't uphold Mr S's complaint.

I realise Mr S is unhappy that he has to pay interest, but he'd still have had to pay interest on what he'd spent, if the branded supplier hadn't decided to stop. So it isn't any different from what he'd have had to pay, if his card was still open.

I see that Mr S also told us that he'd been trying to make a claim on his PPI for this account. This isn't something I can comment on in this decision, because Mr S has to make a claim first, and if appropriate then complain first to the supplier before bringing it to this service.

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 S to accept or reject my decision before 18 February 2016.

Belinda Knight
ombudsman