

## **complaint**

Mrs R complains that HSBC Bank Plc treated her unfairly when it:

- sent letters to the wrong address
- issued loan documents in the name of a dissolved company
- turned one debt in to two debts
- rejected loan payments
- instructed a debt collection agency

Ideally, Mrs R wants HSBC to write off the outstanding debt. Otherwise she wants reassurances about her monthly instalment repayments. And she wants the bank to pay more compensation.

## **background**

Mrs R is a personal guarantor for the debts of M, a limited company. M had a loan with HSBC. When the bank became aware that M had been dissolved, it asked Mrs R to pay the loan under the terms of her guarantee. It also placed a block on the loan account so payments were rejected. But Mrs R didn't receive the letters, as the bank used an old address.

Mrs R says the bank wasn't helpful when she tried to find out why it had rejected payments. Mrs R agreed a repayment plan with the bank in 2014. HSBC sent details about the repayment plan to the wrong address. As Mrs R didn't respond, HSBC instructed a debt collection company to pursue payment of the debt.

The debt has been returned to HSBC so that Mrs R can pay by instalments. But the instalments are paid in to a Guaranteed Security Realised (GSR) account. Mrs R doesn't have online access to the GSR account.

Before this service became involved, HSBC apologised to Mrs R for its failures in customer service. It offered to pay £150 to Mrs R £150 but she wasn't willing to accept this offer.

Our adjudicator didn't recommend that Mrs R's complaint be upheld as she considered the bank's offer was reasonable.

Mrs R is unhappy with the bank's treatment of her. She is concerned that she appears to have two debts at the bank. M's loan account still shows the full outstanding balance. And she doesn't have access to the GSR account to see how much is being paid.

## **my findings**

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

Mrs R has raised a number of concerns with this service. She is very unhappy with the bank's treatment of her. And I can appreciate why she might feel this way. I find that it was reasonable of HSBC to pursue Mrs R under the terms of her guarantee once it found out M had been dissolved. But the bank made a mistake when it wrote to Mrs R at an old address, rather than the updated one that it held on file. I can appreciate Mrs R's concern when she started to receive debt collection letters.

Mrs R says she told the bank that she was closing M. She asked to transfer the lending to a new company but HSBC wouldn't allow this. Instead, HSBC suggested that the new company should maintain the monthly loan payments. I have no reason to doubt Mrs R recollection of events. And HSBC accepted payments from the new company for some years. In September 2013, the bank rejected the monthly payment. And Mrs R says she found it very difficult to get to the bottom of what was happening.

Although I don't agree that HSBC should be required to write off M's debt, I don't consider the bank's offer to pay £150 adequately reflected the level of trouble and upset felt by Mrs R. HSBC has now offered to pay a further £125 in compensation. Mrs R has indicated that she will accept this offer. But Mrs R has asked for various reassurances from this service and the bank.

HSBC has confirmed that it hasn't registered any adverse entries against Mrs R's credit file. The bank has already given Mrs R a telephone number to call if she wants to discuss anything about the repayment plan. HSBC has also apologised for sending Mrs R new loan documentation in the name of limited company, M. This was done by mistake and Mrs R can ignore the documents.

Mrs R is still concerned that she has "two debts". I am satisfied that HSBC has explained the situation to Mrs R. Mrs R's instalment payments need to be paid in to the GSR account. This is an internal account so Mrs R can't have online access to it. Once all the instalments have been paid, HSBC will use the money held in the GSR account to clear the balance on M's loan account. HSBC has given Mrs R a loan statement and a statement for the GSR account. Mrs R can ask the bank for statements in the future. I can't fairly require the bank to do more than it already has.

This service is not a regulator – that is the role of the Financial Conduct Authority (FCA). The FCA sets the rules for banks. My role is to deal with individual complaints. I am persuaded the bank's offer to pay a total of £275 in compensation is reasonable in the circumstances. And I am satisfied that HSBC has adequately addressed Mrs R's concerns.

### **my final decision**

My decision is that I uphold this complaint and direct HSBC Bank Plc to pay Mrs R £275 in full and final settlement of her complaint.

Under the rules of the Financial Ombudsman Service, I am required to ask Mrs R to accept or reject my decision before 15 July 2015.

Gemma Bowen  
**ombudsman**