

## **complaint**

Miss H complains that HSBC Bank Plc lent to her irresponsibly and failed to treat her sympathetically when she found herself in financial difficulties.

## **background**

Miss H took out a mortgage of £60,000 with HSBC in 2003 to buy a home. A year later, this mortgage was moved onto a fixed rate. In 2005, Miss H borrowed an additional £27,000 on a 10 year term and in 2007 she borrowed an additional £19,400 on a 10 year term. Both these loans were secured on her home.

Miss H suffered from mental health problems around the time that her debts started increasing and her employment situation wasn't stable. She found herself in financial difficulties and says she asked HSBC for help but didn't feel it did enough to help her. Finally, the house was sold and the loans were repaid.

Miss H complained to HSBC about the mortgages. She said they weren't affordable and shouldn't have been sold to her. She also said HSBC failed to help her when she found it difficult to pay her debts. HSBC rejected her complaint. While it was sorry to hear about the problems she had, it pointed out that affordability checks had been done when the loans were taken out and that the loans in 2005 and 2007 were sold on a non-advised basis. It said it had offered Miss H the opportunity to discuss options for repayment but this hadn't proved possible. Miss H wasn't happy with this and brought her complaint to this service.

## **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 can see that Miss H has had a very difficult time coping with mental illness, job instability and debt problems. I don't underestimate how traumatic this must have been for her. But having looked at the evidence from both sides, I don't feel able to uphold Miss H's complaint and I'll explain why.

When Miss H took out the equity release loans in 2005 and 2007, this was for debt consolidation. The loans were taken out on a non-advised basis – this means HSBC didn't recommend that Miss H should take them out. Even though they didn't give her advice, Miss H is right that they needed to make sure the loans were affordable. But I can see that affordability checks were done and I've seen copies of evidence of salary such as P60's which indicates the checks were done properly. I understand Miss H's position that these debts were taken out to cover the earlier debts because she wasn't coping. But from the information I can see HSBC had, I don't think it was irresponsible for it to provide the additional loans based on the evidence it had. Considering this in the context of the time before the financial crash, I can't see that HSBC acted unreasonably.

Miss H says that HSBC failed to treat her sympathetically when she told it about her financial difficulties. I can see there was a lot of correspondence over the period when Miss H's arrears were increasing. HSBC's letters all gave her the contact details of organisations that might be able to help her out with debt advice and I can see it did contact her offering free confidential advice and asking for income and expenditure forms but I can't see that Miss H took HSBC up on this. I'm not suggesting that Miss H was at fault and I understand that this was a very difficult time for her, but I think HSBC did take the steps I'd expect of it to reach out to her in her financial difficulties. It's clear that Miss H's financial situation was very challenging around this time. While I understand how upsetting it must have been for her to

sell her house to settle her debts, in some cases, this is the only solution when debt is out of control. In all the circumstances, I think HSBC acted reasonably with the information it had.

Miss H has also complained about her credit record and I understand HSBC has offered to look into this if Miss H can provide details of her credit file. I don't have sufficient information to reach a finding on this point here so my decision won't address this point. I'd urge Miss H to follow this up with HSBC if she's still concerned about it.

I really am very sorry to hear about Miss H's situation and I can understand the impact that her debt problems have had on her in a difficult period of her life. But I'm glad to hear that things are improving for her now. I know this isn't the outcome she was hoping for but I hope that she will understand my reasons for not upholding her complaint.

### **my final decision**

For the reasons given above, it's my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 12 November 2015.

Susie Alegre  
**ombudsman**