

## **complaint**

Mr and Mrs S complain that HSBC Bank plc shouldn't have allowed an informal overdraft on their account. They would like HSBC to admit it was wrong to do this. And to write off the outstanding balance on the account.

## **background**

Mr and Mrs S say they applied several times for formal overdrafts with HSBC. But HSBC turned their requests down. However they say the bank did then allow their account to go into an informal overdraft. They feel this was wrong. The bank shouldn't have done this. They feel it put them into debt.

HSBC has confirmed it turned down Mr and Mrs S's applications for a formal overdraft. But has explained it uses different criteria for an informal overdraft arrangement.

Our adjudicator didn't uphold the complaint. He didn't think HSBC had done anything wrong. Mr and Mrs S don't agree. They feel the informal overdraft put them in debt. They are also concerned about the effect on their credit file. They would like HSBC to reduce the outstanding balance by half. To stop the debt collection process. To come to a mutual agreement over the outstanding debt. And to rectify their credit file.

## **my findings**

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

Mr and Mrs S feel strongly about this and I do understand why. I realise they'll be disappointed but I've reached the same conclusions as our adjudicator. And for much the same reasons.

There's no dispute that HSBC turned down several requests from Mr and Mrs S for a formal overdraft. HSBC has explained that for formal overdrafts it looks at information from different credit reference agencies (CRA's) .And how the account has been run. HSBC made a commercial decision not to offer a formal overdraft. That is a commercial decision it is entitled to take. And not for me to interfere with.

Mr and Mrs S think when HSBC turned down their request for a formal overdraft it shouldn't have allowed them to have an informal one. I can appreciate this seems inconsistent. But HSBC has explained it uses different criteria for agreeing to either a formal or informal overdraft. And the overdrafts are different. Informal overdrafts are looked at on an item by item basis. And if the bank covers the item it will only do so for 31 days. Again that is a business decision that HSBC is entitled to take. And not for me to interfere with. I know that Mr and Mrs S don't feel HSBC's terms and conditions apply to their situation. I've read these. I agree they don't specifically explain why the bank would offer an informal overdraft when it has turned down a request for a formal one. But section 3.6 does cover the informal overdraft arrangement including the charges that apply. So I think it's clear that this arrangement is one that is available. And I haven't seen any evidence that in applying the informal overdraft that HSBC didn't follow its terms and conditions. So I don't think HSBC is at fault here.

Mr and Mrs S feel that the informal overdraft arrangement put them into debt. I've seen copies of HSBC's notes. I can see HSBC agreed to some of the informal overdraft requests but it didn't agree to all of them. It is a consumer's responsibility to manage their account and to keep within the account limits. But we do expect banks to respond positively and sympathetically when consumers have financial problems. I can see HSBC refunded some of Mr and Mrs S's charges and fees. It gave contact details of agencies that could help them manage their finances. Including its own Financial Guidance Team. And suggested they use a text alert service to help manage their account. I can also see that in January 2016 HSBC offered to reduce the outstanding debt by 30% to settle the account. I do think HSBC has responded positively and sympathetically to Mr and Mrs S's situation.

I don't think I can reasonably ask HSBC to write off half of Mr and Mrs S's debt. Or to stop the debt collection process. But HSBC has confirmed to us that it will still consider its offer to reduce the outstanding debt by 30% to settle the account as long as Mr and Mrs S's circumstances haven't changed.

Mr and Mrs S say they are concerned about the effect on their credit file. But they haven't given us any evidence of any mistake on their credit file. Or of any loss as a result of anything HSBC has put on it. It's important that credit files accurately show how accounts have been managed. So I don't think I can reasonably ask HSBC to amend Mr and Mrs S's credit file.

### **my final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 31 October 2016.

Bridget Makins  
**ombudsman**