

complaint

Mr K complains that HSBC Bank Plc withdrew his borrowing facilities without notice and then asked him to pay far more than he actually owed.

background

Mr K was liable for the balances on a current account and loan account with HSBC that he had taken to support a new business. Mr K experienced difficulties with the business and applied elsewhere for a bridging loan to repay his borrowing. He says he kept HSBC informed about his plans, and believed all was well.

Mr K says that, just as the arrangements for the bridging loan were reaching completion, he was called by HSBC to say that his accounts had been closed and the debts called in. He says that he was then quoted various figures for his total borrowing, which HSBC was overstating by a considerable margin.

Some time passed, and Mr K says that it was impossible for him to get an accurate figure from HSBC for his borrowing. He cleared his other debts with money from the bridging loan, but says he was not able to clear the HSBC debt because of the uncertainty around what he owed.

Mr K says that he now needs to re-mortgage to repay the bridging loan but cannot do so because of credit reference information that HSBC has recorded about his unpaid debt. He considers that this was caused by HSBC unfairly calling in his debts without warning or justification and then being unable to clarify the amount he owed to it.

HSBC accepted that it had made a mistake in calculating Mr K's debt, and that his queries had not been properly addressed for some time. It apologised and offered him £200 compensation.

Mr K did not consider that this was sufficient to resolve things and so he brought the complaint to this service, where an adjudicator investigated it. From the evidence, the adjudicator was satisfied that the accounts were already in default before Mr K received the bridging loan funds that he intended to use to repay the debt.

The adjudicator was also satisfied that HSBC had quoted the wrong debt through an error, rather than on purpose. She noted that, in order to update the credit reference information, it would be necessary for Mr K to clear the debt. But Mr K had told the adjudicator that he did not now wish to clear the debt.

HSBC's offer of £200 still stood and, given that Mr K was not prepared to repay the debt, the adjudicator did not in any event see how she could recommend the removal of the default information.

Mr K did not agree with the adjudicator and said, in summary:

- The HSBC local managers are lying and deleted evidence of the bridging loan so that they could send his accounts to collections.
- He reserves the right to take his case to the European court of Human rights.

- HSBC has closed his accounts and blacklisted him. The managers conspired to get him to pay a vastly inflated amount and hoped he would give in.
- HSBC has destroyed his ability to repay his debts and, although he now has an extension on his bridging loan, that is costing him extra money. If he cannot repay the bridging loan his business property may be repossessed and he will lose everything.
- He has always been able to repay the debt, and still could.
- There have been press reports of HSBC being fined for gross misconduct in the USA and in Europe. This is proof that what happened to him was not an error and HSBC should be penalised.
- Small fines are not enough to protect consumers, given that the ombudsman service can impose fines of up to £150,000.

my findings

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

It's evident that Mr K's business proved more expensive to get up and running than he expected. Unfortunately, and for various reasons, the business did not take off and Mr K had to close it after just a few months. Attempts to sell the business premises were unsuccessful, with no interest shown at auction. Mr K had no other means of repaying the debts to HSBC, and so applied to a third party for a secured bridging loan as an interim solution.

I appreciate that HSBC was quick off the mark to call in the borrowing and register the debt, but this was commercial lending for a business that it knew had closed down. There is no doubt that this was repayable by Mr K and I am not persuaded that HSBC acted in bad faith as Mr K suggests.

Mr K says that, once he got his bridging loan through, he was in a position to repay the total amount owed to HSBC and would have done so but for the fact that HSBC overstated the debt and would not give him the correct figure.

I realise that Mr K feels very strongly that this was deliberate on HSBC's part, and designed either to get him to pay much more than he owed or else to give HSBC an excuse to put the accounts into collections.

But I am satisfied, from the evidence, that what actually happened is that there were two errors by HSBC. First, the wrong figure on one of the accounts (£10,648.82 instead of £10,604.82) was passed to the collections department. Then, when this was reversed so that it could be replaced with the right figure, the reversal didn't go through so the correct figure went on top of the original figure rather than replacing it.

The joint effect of those two mistakes meant that Mr K was quoted a total figure that included both amounts for that account, rather than just the right one. It took HSBC several months to realise what had happened, which did not help things.

Mr K already knew what he owed on those accounts, because he had calculated what he needed to borrow to repay them (together with some other creditors) when he applied for the bridging loan in February 2015.

By May 2015 he had the money from the bridging loan and was in a position to discharge the debt he owed HSBC. Even if he was unwilling to make any repayment at all to HSBC at that point he could still have repaid the debt in August, when HSBC got its sums right. His borrowing would then have been recorded as satisfied in full.

Mr K has recently told us that he can repay his debt but is reluctant to do so because he believes HSBC behaved dishonestly towards him when it quoted a higher total. In an earlier conversation, Mr K told us that he could not repay the debt and was in financial difficulty. So it is difficult for me to assess what the actual position is.

Overall, though, I do not accept that HSBC's admitted error in quoting the higher figure caused the problems that Mr K is citing. In all the circumstances, and taking into account the acts and omissions of both parties, I find that HSBC's offer to pay Mr K £200 is reasonable.

Mr K has told us that he intends to take the matter to court. I can confirm that, should he reject my final decision, then it will not affect any right he may have to take legal action against HSBC.

Finally, I would add that the ombudsman service is not a regulator and does not have any power to impose fines.

my final decision

My final decision is that HSBC Bank Plc should pay Mr K £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 18 March 2016.

Jane Hingston
ombudsman