

complaint

Mr F complains that HSBC Bank plc has sold a debt he owes to a third party, that the amount outstanding has been overstated and that he has not been provided with a proper explanation or documentation.

background

Mr F had two loans with HSBC one of which he says he paid off. HSBC says that there was a small debit balance left on the loan that Mr F says he paid off and that he subsequently borrowed a further £2,000 as the loan was not closed.

Mr F says he told HSBC he was in financial difficulties and that he could not afford to keep up with the contractual payments on his second loan. He says he agreed a debt management plan in relation to this loan. Mr F also disputed borrowing a further £2,000 and asked HSBC to provide a copy of his credit agreement to prove he had done so.

HSBC took steps to collect the debts it says Mr F owed and having failed to do so sold both to a third party. Mr F complained about this, the amount said to be outstanding and the fact that HSBC had not answered his queries.

Following our involvement HSBC offered to pay Mr F £100 for the inconvenience it had caused not explaining early on that the amount outstanding had been calculated by adding the two loans together. Our adjudicator considered HSBC's offer was fair and reasonable as he considered Mr F should have realised how the amount had been calculated. He also considered HSBC was entitled to take action to recover the debts Mr F owed including selling the debts to a third party. Mr F disagreed saying that he was in a much worse position now than he was before HSBC began collection activity. An ombudsman was, therefore, asked to review Mr F's complaint.

my findings

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

I am satisfied that HSBC should not have allowed Mr F to borrow an additional £2,000 as the terms of the original loan he took out did not allow him to redraw amounts he had repaid. However, I am satisfied that Mr F has received the benefit of the additional £2,000. In the circumstances, it is fair and reasonable to expect him to repay it. As Mr F has never disputed the other loan he took out with HSBC, it follows that I am satisfied he owed HSBC two debts.

I am satisfied that HSBC told Mr F what the outstanding balances for each debt were before commencing collection activity but that when the collection activity began a consolidated balance was quoted. HSBC accepts that it should have explained this to Mr F when he questioned why his debt had increased from under £1,000 to over £5,000. However, I agree with our adjudicator that Mr F was aware that both debts had been sent for collection and that it should, therefore, have been obvious that the balance quoted was a consolidated one. I also agree with our adjudicator that HSBC was within its rights to commence collection activity and to sell the debt to a third party. I am, therefore, going to require HSBC to pay Mr F the £100 it has offered as I consider its offer fair and reasonable.

my final decision

My final decision is that I require HSBC Bank plc to pay Mr F £100 in compensation for the inconvenience it has caused not explaining sooner that the amount outstanding was a consolidated one.

Nicolas Atkinson
ombudsman