

complaint

Mr H complains that HSBC Bank Plc has not treated him fairly in that it allowed him to continue borrowing, even after he had told it of his gambling addiction. He would like the bank to write off the overdraft he says it wrongly extended to him.

background

Mr H had accumulated a large overdraft debt, largely through gambling. He attended an HSBC branch in November 2015 with his father and was offered a consolidation loan. He says the bank staff asked about the gambling transactions on his account and told him his overdraft would be limited to £300, which he would have to repay. The notes on the loan don't mention the gambling, but do state that the loan is granted on the condition that Mr H will pay down the overdraft, which will then be removed from the account. As a further condition, the notes state that no further lending is to be extended for six months.

Almost immediately after receiving the consolidation loan, Mr H started gambling again. He made numerous online overdraft increase requests – up to four a day – and these were granted by HSBC. By February 2016, HSBC had lent a further £4,900 to Mr H, bringing his total overdraft debt to £5,800. Mr H and his parents are unhappy that the bank did not adhere to its own lending restrictions and did not place a marker on the account to prevent further lending to Mr H. They say HSBC knew about the gambling problem and should have taken steps to ensure Mr H couldn't access further credit.

HSBC says it wasn't aware of the gambling problem, and that because Mr H made his overdraft requests online, passed its criteria which is why the additional credit was extended to him. It has agreed to an 18-month interest-free loan for Mr H to repay the debt on the basis Mr H has had the benefit of the funds.

Our adjudicator agreed that as Mr H has had the benefit of the funds, he is liable to repay them. He considered that the bank's removal of interest on the loan was fair and reasonable in the circumstances. Mr H does not agree, saying the bank knew of the gambling problem, and that he could not repay any further loans, so it should not have allowed him to keep borrowing.

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 issued my provisional determination on this complaint on 1 March 2017, a copy of which is attached. I considered that HSBC had been aware of Mr H's gambling problem, and that it should have taken steps to prevent him from accessing more credit.

Both parties responded to say they agreed with my provisional determination.

HSBC has confirmed that it has written off the full overdraft amount of £5,826.16. There were other elements to the order, which I have repeated below. I am still of the view that these should be completed to restore Mr H to the position he would have been in had the bank not made the error it did.

my final decision

My final decision is that I uphold this complaint. In full and final settlement of it, I order HSBC Bank Plc to:

- write off the overdraft debt which Mr H accumulated after the November 2015 consolidation loan was agreed;
- refund any payments already made towards that debt and apply them to any remaining debts;
- refund any overdraft fees related to the post-December 2015 overdraft borrowing and apply these to any remaining debts;
- pay interest of 8 percent simple on any refunds, also to be applied to remaining debt; and
- remove any adverse information which relates to the post-November 2015 overdraft debt from Mr H's credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 3 July 2017.

Catherine Wolthuizen
ombudsman