

complaint

Mr A complains that HSBC Bank Plc transferred his overdraft facility to a debt recovery agency unfairly.

background

Mr A opened a student account with HSBC in 2004 which had a £2,000 overdraft facility. In 2015, he found himself in financial difficulties and got in touch with HSBC about his situation. Over the next couple of years, HSBC engaged with Mr A and allowed the facility to remain while Mr A tried to sort out his financial situation.

In February 2017, Mr A called HSBC because he'd received a letter asking him to repay the debt. He told them he was taking up an unpaid internship abroad for three to six months and wasn't in a position to pay off the debt yet. The adviser told him he would extend the facility to give Mr A some breathing space to sort things out. But he asked Mr A to call back in May to update HSBC on his situation so they could look at next steps.

After a number of letters that weren't answered between April and August, a final demand notice was sent out. Mr A's account was transferred to a debt collection agency in September 2017. He received an SMS from that agency in October 2017 and contacted HSBC to complain about this. When his complaint was rejected, he came to this service. Our adjudicator didn't think the complaint should be upheld so Mr A asked for review by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Based on what I've seen, I don't think the complaint should be upheld and I'll explain why.

HSBC had been sympathetic to Mr A with his financial difficulties and had extended his overdraft facility repeatedly since 2015 despite the fact that he was paying very little money into his account. When he contacted HSBC in early 2017, his overdraft was extended again but he was told to call back in three months with an update. I can't see that he did call back at that point so no new arrangement was made.

Several letters were sent to Mr A at his London address between April and August 2017. Although he told HSBC he was going abroad, he didn't change his address in the system so his UK address was the one HSBC used to communicate with him. I think it did take reasonable steps to get in touch before deciding to pass the account over to a debt recovery agency.

An overdraft is a form of debt that banks can withdraw at any time. HSBC had told Mr A on several occasions it was going to withdraw the overdraft but responded sympathetically when he contacted it to discuss his situation. Because he didn't get in touch with HSBC after February 2017, and didn't respond to correspondence, I think it was reasonable for HSBC to demand repayment of the debt and to do this through a debt recovery agency. I understand this isn't the resolution Mr A was hoping for and I sympathise with his situation, but I don't think HSBC has treated him unfairly.

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 Mr A to accept or reject my decision before 27 August 2018.

Susie Alegre
ombudsman