

## **The complaint**

Ms G complains about the way HSBC UK Bank Plc dealt with her mortgage following payment breaks in 2022. Ms G says HSBC's term extension team didn't call her and HSBC didn't consider her request for a term extension fairly. She says it took a direct debit payment after she'd asked it not to. Ms G asks that HSBC's term extension team call her to arrange a term extension.

## **What happened**

Ms G took six months of payment breaks from May 2022 to October 2022. When this ended she asked HSBC to extend the mortgage term by six months, which says is the only viable option to enable her to pay back the missed payments. Ms G says she didn't receive a promised call from HSBC's term extension team. And it didn't allow her to speak to a manager about why this was.

Our investigator said while HSBC decided in mid-November 2022 that a term extension wasn't possible, it didn't call Ms G to tell her this. Ms G was told the request was declined when she called HSBC in late November 2022. Our investigator said while HSBC should have called Ms G sooner, the outcome wouldn't have been different. Our investigator said HSBC didn't have to agree to Ms G's requests to speak to a manager or extend the mortgage term.

Our investigator said HSBC acted fairly when it assessed Ms G's income and expenditure and offered to put an arrangement in place for her to repay the arrears. She said HSBC apologised for an error with a direct debit payment.

Ms G didn't agree. In summary, she said HSBC's term extension team was supposed to call her, to review her request fairly and impartially. She said this was what her complaint was about.

## **What I've decided – and why**

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

Ms G took payment breaks for six months, from May to October 2022. I've seen copies of letters sent by HSBC to Ms G during the payment breaks. These say that the arrears will have to be repaid and HSBC will be in touch to discuss her options. After the payment breaks Ms G had mortgage arrears of about £10,000.

I must be clear that I am only looking into the complaint that was raised with HSBC and brought to us in March 2023. I'm not looking into any other concerns Ms G might have about more recent events. I should also explain that where the evidence is incomplete, inconclusive or contradictory, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

### *The direct debit payment*

HSBC wrote to Ms G in mid-November 2022 saying a new direct debit instruction would start on 1 December 2022. Ms G called in late November 2022 and asked for the direct debit to be suspended. HSBC says the call handler shouldn't have agreed to do this as the payment was already in process.

HSBC apologised and confirmed this had no impact on Ms G's credit file. Ms G called and made the payment in mid-December 2022.

Ms G says that HSBC's letter of 17 November 2022 is evidence of HSBC failing to listen to her instructions on 25 November 2022. I don't think that's fair given the letter was sent before 25 November 2022. HSBC's notes say that Ms G had asked earlier in November 2022 for her direct debit to be reactivated but didn't want any changes to her ongoing payments.

### *The request for a term extension*

Ms G had arrears of about £10,000 which needed to be repaid. Generally, arrears should be paid off over the shortest affordable period, provided this is within the mortgage term. This gets the mortgage back on track as quickly as possible and means the borrower pays less interest on the arrears balance.

While a term extension can reduce the contractual monthly payment, the overall amount of interest paid by the borrower would be higher. This is because the debt is repaid over a longer period. Even if HSBC had agreed to this, Ms G would still have needed to repay the arrears in addition to her contractual monthly payment.

What option is most appropriate for a customer to repay arrears depends on the customer's circumstances. HSBC asked Ms G for information about her circumstances so that it could consider what options were available and appropriate for her.

Ms G provided income and expenditure details to HSBC on 10 November 2022. She requested a term extension of six months.

HSBC declined Ms G's request for a term extension. This was because the information it had been given by Ms G suggested she'd be able to maintain contractual monthly payments and additional payments to clear the arrears well within the remaining term. It asked Ms G to contact it to arrange an appropriate and affordable repayment plan or provide an update of her circumstances.

I think this was fair. Based on the information it had at the time, HSBC offered an appropriate way for Ms G to repay her arrears. HSBC didn't have to agree to a term extension just because this was Ms G's preferred option.

### *The call back about the term extension*

HSBC decided to decline Ms G's request for a term extension on 12 November 2022. It should have called Ms G to tell her this and discuss other options.

Ms G called HSBC on 25 November 2022 and HSBC told her that her request for a term extension was declined. I don't think it would have made a difference if Ms G had been given this information a week or two sooner.

When she was told her request for a term extension was declined, Ms G asked that a

manager call her. HSBC says a manager tried to call Ms G but she didn't take the calls.

Ms G raised a complaint the same day by email. She wanted a manager from the collections team to call her to clarify why she hadn't been called by the term extension team to confirm the term extension of her mortgage.

While HSBC should have called Ms G to tell her that it wouldn't offer a term extension, this didn't need to be a member of the term extension team. HSBC had asked Ms G for the information it needed to consider what options were appropriate on 10 November 2022. I can't see there would have been any benefit in a member of the term extension team calling Ms G when HSBC had declined her request for a term extension.

Once HSBC had decided that it wouldn't offer a term extension, it was more appropriate that Ms G spoke to someone with authority to arrange a repayment plan. HSBC says it tried to call Ms G on 25 November 2022, as she'd requested. HSBC asked Ms G about setting up an arrangement during calls in December 2022. And HSBC wrote to Ms G saying she needed to get in contact to discuss a repayment plan. So I think HSBC gave Ms G correct information about the steps she needed to take regarding her arrears.

I don't think it's fair and reasonable in the circumstances to require HSBC to agree to extend the term of Ms G's mortgage or take further steps in relation to this complaint.

I understand that Ms G has missed further payments and HSBC has said it will start recovery action. If Ms G has financial difficulties, I'd urge her to contact HSBC and provide the information it needs to consider what options might be available to support her.

### **My final decision**

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 3 January 2024.

Ruth Stevenson  
**Ombudsman**