

## **The complaint**

Mr R complains that HSBC UK Bank Plc didn't provide him with the service it should have when he accidentally repaid his loan.

## **What happened**

Mr R was provided with a £15,000 fixed sum loan in November 2022. The loan had a term of 24 months and the first repayment of around £657 was made in December 2022.

On 7 January 2023, Mr R says that he was looking at the loan on his online app and accidentally repaid it. The money was taken from his account immediately and when he realised his mistake, he contacted HSBC through its chat facility and was told to call the bank. When he called, he was put on hold for a while and was then told his mistake could be reversed but he should call again the next day during UK working hours. Mr R did this and waited a long time for the call to be answered, was then put on hold for a long time and the call then disconnected. Mr R called back and after a long wait he says he didn't get a satisfactory answer. Mr R says HSBC credited his account with £50 which he considers an insult given the time and money he has spent on this issue.

HSBC issued a final response letter dated 17 January 2023. It said that Mr R contacted it to close his loan account, and this happened on 7 January 2023. It said once a loan has been closed it cannot reopen it. It said its personal loan interest rates are based on customers' individual financial circumstances and that any rate provided to a customer at quotation stage is indicative, and can only be confirmed once a full application and assessment have been completed.

HSBC then issued a further final response letter dated 18 January which reiterated the points made in the previous final response letter but also apologised for the poor service and number of calls Mr R had needed to make following the closure of his loan. Because of this it credited his account with £50.

Mr R wasn't satisfied with the response from HSBC and referred his complaint to this service.

Our investigator didn't uphold this complaint. He noted that HSBC had accepted and apologised for the shortfall in service provided to Mr R. He thought the compensation paid was reasonable.

Mr R didn't agree with our investigator's view. He said the compensation paid was an insult and the amount of money he spent on phone calls and the time was enormous. He said he was misled by the HSBC employees and his time and money wasted.

## **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.

Mr R was provided with a fixed sum loan by HSBC in November 2022. In January 2023, he has explained that he accidentally repaid the loan. This was Mr R's mistake, and not the banks. That said I would expect HSBC to provide Mr R with a reasonable level of service when he contacted it to see if his loan closure could be reversed.

I have looked through the information provided and listened to the calls. On the first call with HSBC Mr R is told that the loan cannot be re-opened but he can reapply. Mr R said he had tried this, but the interest rate was much higher. Mr R was transferred, and, on this call, he was told to contact the lending team and given the hours the team would be open. Mr R asked that the lending team call him, and the adviser said she would call him back. Mr R asked if it was possible to reverse his action of repaying the loan and he was incorrectly told this could be possible. Mr R questions on several occasions whether the loan repayment can be reversed, and the adviser confirms it can. Mr R then asks about why the interest rate offer he was given increase to over 18%.

On a call on 9 January, Mr R is put on hold while his account is checked. He is then told that this issue cannot be rectified, and the previous loan can't be re-opened. Mr R is told that he will need to reapply. Mr R said he had been given incorrect information about this and reiterated that he tried to reapply for the loan and the interest rate was much higher. Mr R then spoke to another adviser and explained he had been cut off from another call and that he had been promised a call back previously and this hadn't happened. He is told the adviser will contact the underwriting team and then call him back once they were available.

I note Mr R's comments about the misinformation he was given and can see that HSBC has said that feedback will be provided. When misleading information is given, we do not require the bank to act as if the incorrect information was correct, instead we would expect the bank to put the customer back in the position they would have been had the incorrect information not been given. In this case, Mr R had already repaid his loan and HSBC has confirmed that once a loan account has been closed it cannot be reopened. Therefore, I wouldn't expect HSBC to reverse the closure due to the incorrect information that was given.

Mr R has said he reapplied for the loan following his accidental repayment and was offered a much higher rate of interest. I note Mr R's comment that he should have received the same interest rate as he did when he received the loan in November 2022. HSBC has explained how interest rates on personal loans are determined and noted the loan applications Mr R had made. As it was Mr R's mistake to repay his loan, I do not find that HSBC was required to provide a new loan on the same terms as the repaid loan, and I find it has provided Mr R with a reasonable amount of information to explain the difference in the interest rates.

Mr R wasn't provided the service he should have been, and HSBC has acknowledged this. Mr R was given incorrect information which led him to believe his loan could be reinstated. He was promised a call back that didn't happen at the time agreed and a call was disconnected. I have considered the upset caused by being given the incorrect information but also note that the correct information was provided to him when he first called and two days later. I note Mr R had to be put on hold and understand that as he was calling from abroad this was expensive to him. But as Mr R was trying to reverse a mistake he had made it is reasonable that he will need to spend time on this. It was his circumstances that meant the calls were more expensive. The advisers put him on hold to try to find the information about his account and get the answers for him. That said, there were other instances when the calls were disconnected, and a call back didn't happen at the time arranged. Therefore, I agree that compensation should be provided to Mr R.

HSBC paid Mr R £50 compensation. Mr R has referred to this as an insult. When deciding what is a reasonable level of compensation, I have taken into account that the repayment of the loan wasn't a mistake by the bank and so compensation is for the service provided on

the calls. I have considered the upset caused by the incorrect information but also that Mr R was provided with the correct information within a reasonable period of time. I note Mr R's comments about his time and the value of this, but I have considered what is a fair amount of compensation for a call back not happening and the issues with calls disconnecting.

Having done so, while I know Mr R will not be happy with my decision, I think the £50 compensation paid by HSBC is reasonable.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 23 October 2023.

Jane Archer  
**Ombudsman**