

The complaint

Mr C is unhappy that HSBC UK Bank Plc defaulted his credit account.

What happened

To briefly summarise: Mr C was living overseas and had a HSBC current account which he was using solely to make monthly payments to his HSBC credit account. Mr C lost the ability to access his accounts from overseas because his secure key ran out of battery and his telephone banking was blocked due to attempted fraud on his account. Mr C contacted HSBC about this and was told that he would need to visit a UK branch in person to verify his identity. But Mr C couldn't do this because he was overseas.

In January 2022, the monthly direct debit payment on Mr C's credit account was returned unpaid, because Mr C didn't have sufficient money in his current account for it to be taken. HSBC sent letters to Mr C about this, but because they were sent to Mr C's UK address, they weren't received by Mr C.

Further monthly credit account payments were missed, which led the account to fall into a position of multiple arrears. But Mr C wasn't aware of this because he couldn't access his accounts overseas and wasn't receiving the letters HSBC were sending to his UK address. And because the arrears on Mr C's credit account continued to grow, HSBC issued a default notice to Mr C's UK address in May 2022, and defaulted Mr C's credit account the following month. Mr C wasn't happy when he learned of this, so he raised a complaint.

HSBC responded to Mr C and noted that he'd spoken with them on the telephone in February 2022, at which time the arrears on the account had been explained to him and when Mr C had promised to clear the arrears in full in two days' time – which he hadn't subsequently done. Because of this, HSBC didn't accept that Mr C hadn't been aware of the arrears on his account, and they didn't uphold his complaint. Mr C wasn't satisfied with HSBC's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel HSBC had acted unfairly by administering Mr C's accounts as they had. Mr C remained dissatisfied and noted that the person HSBC had spoken with in February had been his father, who hadn't relayed the information about his accounts to him. So, his complaint was escalated to an ombudsman for a final decision.

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.

Having done so, I don't feel that HSBC have acted unfairly or made any error here in how they've administered Mr C's accounts, and so I won't be upholding this complaint.

Mr C has explained that he wasn't aware that his credit account was in arrears because he was overseas and didn't have access to his accounts from overseas so that he could

monitor them. For instance, Mr C notes that his secure key ran out of battery, meaning that he couldn't access his HSBC accounts online. But HSBC's mobile phone app has allowed the use of a digital secure key, set up via the app, for several years now, such that a physical secure key is no longer required.

I also don't accept that Mr C wasn't able to access his accounts via telephone, given that HSBC repeatedly attempted to contact Mr C via telephone on the UK number he had left registered with them. Indeed, HSBC spoke with whom they thought was Mr C on two occasions on that number.

It's now understood that the person HSBC spoke with in these two instances was Mr C's father. But notably, on the first of these calls, Mr C's father pretended to be Mr C and gave Mr C's correct date of birth and post code to pass HSBC's security protocol, after which HSBC then proceeded to explain the status of Mr C's account to the person they reasonably believed was Mr C. And I feel this confirms that HSBC were willing to speak with Mr C on the telephone, had he called them about his accounts – which HSBC have no record of him doing during the time payments were being missed and when his account was in arrears.

HSBC's system notes also record that the UK address Mr C gave to them as his registered address was in fact his parents address, but that all mail sent to that address is forwarded to him overseas by his parents. And HSBC sent account statements and missed payment letters to that address.

Furthermore, if Mr C couldn't view his HSBC accounts as he suggests, I feel it stands to reason that he would have made monthly payments to his current account of amounts greater than what he believed the credit account monthly payments would be – to mitigate against the possibility that his current account might run out of money to make the credit account payments. But Mr C's current account statements show no evidence of such regular monthly credits to his current account. Rather, Mr C appears to have made irregular payments every three or four months of relatively small amounts – which weren't enough to meet the payment requirements for his credit account and caused payments to be missed.

Ultimately, it was Mr C's responsibility as the account holder to ensure that he was aware of the ongoing status of his current account and to have met the contractual monthly payment requirements of that account. This is regardless of whether Mr C was overseas or not. And as explained, I don't accept that Mr C couldn't access his HSBC accounts from overseas. And while Mr C may have arranged for mail and telephone calls to be received by his parents so that he could be kept updated about his account, it isn't HSBC's fault if that arrangement between Mr C and his parents didn't work for any reason.

Alternatively, I find it difficult to conclude that HSBC have done anything wrong or acted unfairly here. I say this because when Mr C's credit account fell into arrears, they sent letters to the address Mr C had left with them as his registered address and made phone calls to the number Mr C had left with them as his registered number. And they spoke with a person on that number – Mr C's father – who passed their security questions and pretended to be Mr C and to whom they gave all the relevant information about the status of the credit account and from whom they received a promise to pay that they reasonably believed had come from Mr C.

All of which means that it doesn't seem unfair to me that HSBC followed the account arrears process that they did here, which culminated in the defaulting of Mr C's account in June 2022 – five months after the first payment was missed on Mr C's credit account in January 2022. And it follows from this that I won't be upholding this complaint or instructing HSBC to take any further or alternative action.

I realise this won't be the outcome Mr C was wanting, but I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

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 C to accept or reject my decision before 16 January 2024.

Paul Cooper
Ombudsman