

The complaint

Miss A complains that HSBC UK Bank Plc (“HSBC”) acted irresponsibly by continuing to apply overdraft charges to her account when she was in financial difficulty.

What happened

Miss A held an account with HSBC with a £2,200 overdraft limit. Miss A also had a credit card with a £3,000 limit and a loan for £7,500 which was paid off around August 2021.

Miss A got in contact with HSBC regarding her overdraft with it around May 2020. HSBC notes record that she was put on a payment plan regarding her overdraft from May 2020 for £60 a month for three months. During this period HSBC froze all interest and charges on the account. This was extended again until February 2021 when HSBC started applying overdraft fees and charges again.

In December 2021 HSBC wrote to Miss A regarding her overdraft usage and asked that she get in touch if she required help, but Miss A never did prior to raising her complaint with it about the overdraft lending in May 2022.

HSBC didn't uphold Miss A's complaint regarding the overdraft lending but once again wrote to Miss A about her overdraft usage and explained it was monitoring her account and that she had reduced her overdraft usage in the past three months and encouraged her to keep doing so as well as providing information about external organisations that could help.

Following this letter Miss A brought her complaint to this service. Miss A eventually got in touch with HSBC in October 2022 and a budget planner was completed. This recorded that Miss A had a net disposable income of £837.24 and that her priority bills were up to date. HSBC suspended all interest and charges on her overdraft and refunded the previous four months worth of charges.

One of our adjudicators looked into her concerns and thought that HSBC should've realised that Miss A was in financial difficulty and refunded the overdraft charges applied to the account from July 2020 because the account in question hadn't maintained a credit balance for a significant period of time. They didn't think the interventions HSBC made went far enough.

HSBC disagreed. It says all interest and charges were frozen from May 2020 to February 2021 and that when it did get try to make contact with Miss A in December 2021 she failed to respond. Furthermore, when she did get in touch with it in October 2022, it refunded four months' worth of charges and once again suspended charges going forward.

HSBC says for the period Miss A was charged for her overdraft (February 2021 until June 2022) it didn't think there were clear signs of financial difficulty as the overdraft was repaid on numerous occasions and that there were numerous transactions going out of the account that it considered non-essential spending.

So the complaint was passed to an ombudsman for a decision. I issued my provisional decision on 8 June 2023. In my provisional decision, I explained why I was proposing not to uphold Miss A's complaint. I invited both parties to let me have any further submissions before I reached a final decision and neither HSBC or Miss A have added any new information.

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.

In my provisional decision I said that:

"Firstly, to be clear my decision only relates to Miss A's complaint about the charges applied to her account and overdraft when she says she was in financial difficulty. I can see that HSBC has only charged Miss A for her overdraft usage between February 2021 and June 2022 (my understanding is after this charges have either been suspended or refunded).

So this being the case the focus of my decision is on this period and whether HSBC should have done more to assist Miss A and whether it acted fairly and reasonably towards Miss A when it applied any interest, fees and charges to Miss A's account in circumstances where it was aware, or it ought fairly and reasonably to have been aware Miss A was experiencing financial difficulty.

And I currently don't think that HSBC did treat Miss A unfairly or unreasonably here though. I say this because having looked at Miss A's statements I haven't seen enough to suggest that HSBC ought to have realised she might have been experiencing financial difficulty during this period.

Miss A may argue her regular use of her overdraft was in itself an indication that she was struggling. But while I'm not seeking to make retrospective value judgements over Miss A's expenditure, nonetheless there is spending on what I would consider discretionary, non-essential items and what looks like at times foreign payments and investments. I can also see regular cash withdrawals and transfers to other accounts all of which were depleting her account.

There were regular credits and cash transfers into the account and Miss A was able to bring the overdraft down and for the majority of months during this period saw a credit balance before once again going on to use her overdraft to make debit card transactions, further money transfers and cash withdrawals. I accept this doesn't necessarily mean that Mrs I wasn't experiencing financial difficulty. But there isn't anything in these transactions in themselves which ought to have alerted HSBC to any potential financial difficulty.

So, in these circumstances, I don't think that it was unreasonable for HSBC to proceed with adding the interest, fees and charges it did in light of how Miss A's account was being used leading up to and during this period.

So taking everything into consideration I don't think HSBC treated Miss A unfairly or unreasonably during this period. And when Miss A did get in touch with HSBC I think the steps it took to help her (going through her income and expenditure, refunding and suspending interest and charges) was fair and reasonable in the circumstances and in-line with what I'd expect. Which means that I'm currently not minded to uphold this complaint."

As neither party has provided any further evidence or arguments for consideration, I see no reason to depart from the conclusions set out in my provisional decision. It follows that I do

not uphold this complaint.

My final decision

For the reasons I've explained I do not uphold Miss A's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 29 August 2023.

Caroline Davies
Ombudsman