Ombudsman Decision
CIFO Reference Number: 25-000034
Complainant: Mr F
Respondent: HSBC Bank Plc, Jersey Branch

Complaint

The Complainant, who I shall refer to as 'Mr F' complains that HSBC Bank Plc, Jersey Branch failed to deal with his accounts appropriately during a period of hardship and afterwards when he applied for a loan to repay the borrowing.

Background and initial conclusions

The background to the complaint and my initial conclusions are set out in the letter I sent Mr F on 22 December 2025. I attach a copy of that letter to this decision but will not repeat the detail here.

In summary I said:

- Mr F had not been treated unfairly by the bank when processing the loan application.
- An offer of £150 for the delay in the bank providing a substantive response to Mr F's concerns about the process was reasonable.

In relation to the borrowing, I said:

[1] Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

- I did not think the bank had treated Mr F unfairly in the round. It had not, for example, insisted on repayment at a time when that might have been a challenge.
- But the fact that he was able to service the borrowing was not sufficient to show that the bank had established that the borrowing was sustainable or could be repaid over a reasonable period as per guidance set out in the Jersey Consumer Council Code.

As set out in my letter of 22 December 2025 I recommended that the bank make a comparison of what had been applied as interest and charges on Mr F's current and credit card accounts since October 2024 and what would have been charged had the loan application been successful.

I then said:

'On the assumption that the loan arrangement would have been cheaper the bank should repay the difference to you along with interest at 8% simple to the date of settlement. For ease I suggest that the 8% be calculated from the date of the loan application which will advantage you rather than the bank.'

Subsequent Submissions

The bank said that it could not make the calculation I had suggested as its loan rates were dynamic and it was not possible to say what rate would have applied to Mr F in October 2024. But it did offer to pay half of the interest and charges paid by Mr F on his current and credit card account over the relevant period.

I put the offer to Mr F which amounted to a payment of **£837.25** in addition to the **£150** already offered in relation to the complaint handling. He did not accept the offer saying:

- His concern was not about compensation itself but about remedy. He did not want to be returned to a loan application process which had already failed 'multiple' times.
- He would like the bank to close the 'revolving facilities' and convert the balances into a fixed term loan on reasonable terms.

HSBC confirmed that it remained open to a fresh loan application from Mr F and that its Financial Support Team was available to go through the application process with him.

My Findings

I have reconsidered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint.

Mr F has accepted my conclusions about the merits of his complaint, but he has not accepted the offer of redress. He would like the bank to commit to next steps including loan terms before the complaint is closed.

The bank has again referred to the dynamic nature of its loan rates and encouraged Mr F to get his touch so that his circumstances can be considered and an application made outside the online self-serve option previously used by Mr F.

My view is that contact with the bank is the appropriate way forward. I have already concluded that the bank did not treat Mr F unfairly in its online application process. And given that the proposed borrowing is for consolidation rather than new money I would generally expect that to be administered by a team such as the Financial Support Team.

For that reason, my conclusion is that the bank has done enough in saying that it is open to a fresh application, and I note that this has been its stance since late 2024/early 2025 when the complaint was first made.

In relation to the offer to refund half of the interest and charges made since October 2024 I also consider that a fair settlement. The accounts have been run by Mr F within the agreed limits so unauthorised rates and charges have not applied.

Given that this is an absolute refund rather than a comparator which would possibly be less generous I do not consider it necessary for the bank to add 8% as mentioned in my original recommendation. And in the absence of alternative calculations, I find the offer to be a fair settlement for the bank's part in the failure to review the borrowing to establish that it was sustainable.

Final Decision

My final decision is that I uphold the complaint as set out in my letter of 22 December 2025. In full and final settlement, the bank should now:

- Pay Mr F £837.25 and £150 as set out above.
- Renew its offer to consider a loan to consolidate the current account and credit card borrowing with the application being administered by its Financial Support Team.

Clare Mortimer
Ombudsman

Date: 9 February 2026

Relevant extract from my letter of 22 December 2022

Background

Your complaint is about the way in which the bank dealt with your accounts during a period of hardship including an application for a loan to repay your borrowing which was unsuccessful. You have explained the situation you were in and that you were experiencing hardship as you had family care responsibilities but that you are now in a well-paid job and able to make repayment.

The bank has explained its loan application process and why it can't retrieve or reactivate the original application – but that it is happy to look again at a fresh application. It has *offered to pay you £150 compensation to recognise delay in responding to some of your messages.*

You have not accepted the offer saying that the bank ceased all communication with you after mid December 2024 and that when it wrote to you in January 2025 it did not address your complaint points. Further the 'harm in your case extends beyond procedural delay.' You consider that the bank has repeatedly failed to provide meaningful resolutions to the complaints you have made.

I have explained the extent of my mandate here at CIFO which does not extend to regulatory sanction. You have said that you understand my role and would like me to consider your complaint about:

- *The loan application*
- *The charges and interest applied to your account during a period of hardship.*

My initial review

I have carefully considered all that you and HSBC Bank have provided. I need to decide what is fair and reasonable in the circumstances of the complaint. These are my initial conclusions.

<u>*The loan application*</u>

I have thought carefully about the loan application made on 10 October 2024 and noted the wider and more systemic points you have made about the process for example the lack of human assessment and use of UK based credit reference agencies.

Essentially what you are complaining about how the bank deal with loan applications which you consider failed to result in fair process for you. I have already explained that, in my view, some of what you are unhappy about goes more to the ability of the bank to operate in this way under the terms of its Jersey licence.

From a customer service perspective, the bank provided you with a letter explaining that your application had been unsuccessful on 14 October and later offered to look again at a fresh application with, as I understand it, the application being assessed by its underwriting team rather than through the automated system.

That offer does not seem unreasonable nor does the offer to pay £150 for the delay in providing you with a substantive response to your concerns. The offer to reconsider the application was made in December 2024.

You have told me that you are unhappy that the original application details were deleted after 30 days and that it takes six weeks for the associated searches to be removed from the credit reference systems.

I understand your frustration, but the bank is right not to retain personal information in a failed loan application and from a practical perspective it may take up to six weeks for *third party credit reference information to be updated. You have not been treated unfairly in these respects.*

And that is my conclusion in relation to the loan application overall. The bank didn't offer you the personal level of service you expected in terms of contact and human intervention but ultimately that is not of itself wrong or something which would lead me to say it should pay you redress.

The interest and charges applied during a period of hardship

Your complaint here is that the bank has failed to deal with your accounts appropriately during a period when you were experiencing hardship. This dates back to 2020 when you experienced difficulty contacting the bank through to 2024 when you made the loan application.

You have explained that the hardship arose as you had caring responsibilities for family members and whilst the bank did offer an interest concession for a period there was a general lack of support. Further the overdraft and credit card facilities were not appropriate and put you into a cycle of debt.

I have spent some time reviewing the account activity on both your current and credit card accounts since 2020. In doing so I have referred to the Code of Practice for Consumer Lending sponsored by the Jersey Consumer Council. The Code is voluntary and aims to promote standards in lending practice in Jersey. The bank is a subscriber to the Code.

I have noted in particular the key commitment: ***'We will act fairly, reasonably and responsibly in all our dealings with you and help you when you need information and guidance.'***

And the section ***'Financial Hardship'*** *which includes:*

'We will consider cases of financial difficulty sympathetically and positively. The sooner you discuss any problems with us, and the more you tell us about your full financial circumstances, the easier it will be to find a workable solution. In doing so, we will always try to make sure that you are left with enough money to pay reasonable day-to-day expenses.'

Looking at your account statements, I can see that you were relying on credit to a varying degree over the years and that this probably extended beyond your accounts with the bank, but it does look as if you were managing your finances within the credit facilities offered and supplementing your bank account with transfers from savings.

I can't, for example, see any evidence of interest or charges being applied at a higher rate or that facilities were increased to accommodate spending. But I can see that despite what you have said about a recent increase in your income the borrowing did start to exceed the facility through 2024 and that some items were returned unpaid and charges applied.

I think it is difficult to say that the bank has necessarily done anything wrong here in the sense that it seems to me that what you have needed is independent debt advice covering all your borrowing – not just that with the bank, and a plan to start to reduce the debt. The bank could have signposted you to such advice and I note that it did ask you to review your overdraft usage in 2020 but not more recently.

The bank has not, in my view, treated you unfairly; it could, for example, have decided to reduce your overdraft facility over time but that may have presented you with additional difficulties at a time when you were confident that the pressure on your spending was temporary. I am also mindful that for some of this period there was more pressure on some people's personal finances due to the pandemic.

My initial conclusions

So, where does this leave your complaint. First the failure to get back to you in 2020 is outside my mandate – because the bank issued a final response on 5 April 2020 and you did not refer the matter to us then.

Second, I am satisfied that the bank has done enough to deal with the personal loan application in October 2024. I understand that the offer to reconsider still stands as does the offer of £150 compensation.

That leaves the more recent activity on your current account. I have not yet reached a conclusion on that part of your complaint. As I said I don't think the bank has treated you unfairly, but I am asking it some further questions about its practice and procedures for dealing with situations where borrowing seems to be 'hardcore' that is where an account with an overdraft facility is not moving between credit and debit.

I am also asking the bank to consider waiving the charges it has applied this year.

Subsequent submissions

Since I issued my first set of conclusions you have reiterated your assertion that the bank failed to engage with you fairly and constructively over a number of years which left you *'in a situation of high interest debt for half a decade.'*

You asked to consolidate the debt twice in 2020, but the bank didn't get back to you. You believe that the 2024 consolidation request was unsuccessful due to a bank error and its systems and processes did not facilitate review and correction.

Complications arose because the bank used UK credit scoring systems in the loan application process and later its hardship team also operated outside Jersey and the bank wasn't able to connect you to the right people when you were looking for assistance.

Over the past five years you have paid around £12,000 in interest and charges which could have been used to clear your debt. You would like the bank to

- Close your credit card and overdraft facilities.
- Convert the combined balance into a fixed-term repayment loan on fair terms.
- Waive recent charges and interest accrued while you were actively seeking resolution.

The bank has responded to my enquiries to say that it has systems in place to monitor and review both overdraft and credit card borrowing. You operated both accounts within agreed limits and met the minimum payments required on your credit card account.

In relation to your requests for assistance, it said:

'Mr F has previously had conversations with our Financial Support Team (FST). The Financial Support Team assist customers who have expressed potential financial difficulty, either proactively or recommended via bank monitoring processes. Whilst some support from the Financial Support Team was initially provided, Mr F provided confirmation that his personal circumstances, including an increase in his income, indicated that no further support was required. The Financial Support Team remains available to support Mr F and may be able to offer, amongst other options, potential solutions such as temporarily pausing interest or arranging a managed loan to support with debt consolidation and financial management. Please note that these are just examples of solutions and final support measures would be determined following discussion between Mr F and the Financial Support Team.'

The bank has not made an offer of compensation beyond the offer of £150 to recognise the delay in providing you with a substantive response to your complaint.

My further conclusions

As set out above I have carefully considered all that you and HSBC Bank have provided. I need to decide what is fair and reasonable in the circumstances of the complaint.

I am disappointed that the bank has not looked beyond the fact that you were operating your overdraft and credit card facilities within the agreed limits when renewing the facilities and later when reviewing the complaint. My reading of what it has said is that its systems did not flag any concerns and that was sufficient for it to be satisfied that its lending was affordable.

Over time that has proved to be the case as your circumstances have changed again and you're able to start rebuilding your financial position. I previously noted that the earlier detrimental changes to your circumstances coincided with the Covid period and I am mindful that the bank may have operated accounts with an element of increased flexibility at that time.

But looking at activity after that period I think it was clear that over a period of time you were relying on credit facilities from the bank and other lenders. In my view the bank failed to establish by way of periodic checks that the borrowing was sustainable or could be repaid over a reasonable period of time. The fact that you were able to service the borrowing was not, in my view, enough to demonstrate that this was the case.

I have previously said that I don't think the bank treated you unfairly. In the round I think that's probably right and inadvertently the bank made things easier for you by not insisting on repayment at a time when that may have been a challenge.

But that has been at a cost and overall, what the bank has said does not persuade me that its handling of your account was necessarily in line with the Jersey Consumer Council Code commitment which sets out an expectation that a lender will be fair, reasonable but also responsible in its dealings with customers.

Putting things right

In terms of remedy, I do not think what you have suggested to be unreasonable. I would expect any loan to be made on commercial rather than preferential terms given that you are now in an improved financial position and this is likely to continue. You have had value for the money lent over the years.

But I do think that the amount to be repaid should be adjusted. To date the bank has not made an offer of redress on this basis and I have therefore considered what would be fair and reasonable in all the circumstances and concluded that the bank should make a comparison between:

- What you have been charged by way of interest each month since October 2024 on your current and credit card accounts. I cannot see that there have been any charges applied from October 2024 onwards; and
- The interest that would have been charged had the loan application made in October 2024 been successful and with the assumption that the full £5,000 overdraft facility and the credit card balance in October 2024 were rescheduled onto a loan and payments kept up to date.

On the assumption that the loan arrangement would have been cheaper the bank should repay the difference to you along with interest at 8% simple to the date of settlement. For ease I suggest that the 8% be calculated from the date of the loan application which will advantage you rather than the bank.

End of extract