



LEGAL ALERT FOR: All clients offering unsecured lending and other retail products.

TOPIC OF INTEREST:

Arrears and Financial Difficulties

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Why is this alert being published?

- To remind you of the importance of having appropriate procedures in place to ensure customers experiencing financial difficulty receives good outcomes.

Optimum action point

- Clients should review and update their vulnerable customers, arrears and forbearance policies to ensure that they meet regulatory requirements.

Minimum action point

- Remind front line staff of their role in identifying and dealing with financial difficulty and refreshing the options available for them when dealing with customers.

Facts of the Case

- Over a 16-month period, HSBC UK breached Principles 3 & 6 by not dealing with customers in financial difficulty properly. Affordability assessments were not completed, forbearance was not applied appropriately and disproportionate action was taken. Following a s166, it was found that 1.5 million customers either suffered a detriment or were at risk of doing so. To date HSBC UK has paid £185,000,000 to those affected.

Penalty

- The FCA has imposed a financial penalty of £6,280,100 on HSBC UK. This is following a stage 1 (30%) discount after HSBC UK agreed to resolve the matter.