Press Release

FEDERAL RESERVE press release

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The Federal Reserve Board on Friday announced a $131 million penalty against HSBC North America Holdings, Inc. and HSBC Finance Corporation for deficiencies in residential mortgage loan servicing and foreclosure processing. The penalty is being assessed in conjunction with an agreement involving similar deficiencies that HSBC announced Friday with the U.S. Department of Justice, other federal agencies, and the state attorneys general.

The penalty assessed by the Board is the maximum amount allowed under the law, taking into account the circumstances of HSBC's unsafe and unsound practices and foreclosure activities. The penalty may be satisfied by providing borrower assistance or remediation in conjunction with the Department of Justice settlement, or by providing funding for nonprofit housing counseling organizations. If HSBC does not satisfy the full penalty amount within two years, the remaining amount must be paid to the U.S. Department of Treasury. The Board will closely monitor compliance by HSBC with the requirements of the order.

The terms of the monetary assessment against HSBC are similar to those that were part of the penalties issued by the Board in February 2012 and July 2014 against six other mortgage servicing organizations that reached similar agreements with the U.S. Department of Justice and the state attorneys general.

The Board previously issued an enforcement action in April 2011 requiring HSBC to correct its servicing and foreclosure-related deficiencies. That action was among 14 corrective actions issued against Board-supervised mortgage servicers or their parent holding companies for unsafe and unsound practices in residential mortgage loan servicing and foreclosure processing.

For media inquiries, call 202-452-2955.

Attachment (60 KB PDF)