

The complaint

Mr J complains that HSBC UK Bank PLC (HSBC) continued to report a default on his credit file after it should have been removed.

What happened

Mr J has a credit card account with HSBC. The account was defaulted in September 2021, and this was reported to Mr J's credit file. Mr J was unhappy with this and complained to HSBC and later this service. In resolution to that complaint HSBC made an offer of goodwill to remove the default and pay Mr J £300 in compensation. Mr J accepted the offer and his case with us was closed in July 2022.

In February 2023, the case was reopened after Mr J let this service know that the default marker that HSBC had agreed to remove had reappeared. This service contacted HSBC about this, it explained that the account had been moved from its collections area to its recoveries area when it had been defaulted. When accounts are with the recoveries area of the business the monthly reporting of the default is automatic. It said it wasn't a simple process to move the account back and so the reporting had continued each month while the account was still with that area of the business. It arranged for the notifications to be removed and said that it would monitor March's report and correct that manually. In addition, it offered Mr J a further £300 for the delays. Mr J accepted this and the case with us was closed again.

Mr J made another complaint to HSBC towards the end of April 2023. This was in regard to the default showing on his credit file in March 2023. He felt the arrears had accrued, in the first place, as a result of a HSBC error, he was also upset that when discussing with HSBC how to bring his account up to date, it had questioned if his wife was going to job interviews. He also wanted HSBC to guarantee it wouldn't place the account into default again.

HSBC responded to Mr J's complaint, explaining:

- the arrears had accrued due to Mr J missing payments between January 2021 and August 2022, following a period of breathing space, due to Mr J's personal circumstances
- the default showing on his credit file in March 2023 had been dealt with under his previous complaint and in addition to the original £300 it offered, a further £300 had been paid to him in April 2023 to reflect the delays in dealing with this.
- it couldn't guarantee a default would not be recorded again, as the account was still in arrears and while it remained in arrears it would continue to follow the normal collections process, which could result in the account being defaulted if it wasn't brought up to date.
- In recognition of the time Mr J had spent on the phone with HSBC and the questions asked about his wife's employment, it would pay Mr J £150 compensation.

Mr J remained unhappy and so brought his complaint to this service. Our investigator didn't think this complaint was one that should be upheld. In summary he said:

He couldn't comment on things that had been part of the previous complaint, as that had been resolved and could only look at what had happened since. In summary he said:

It can take up to one month for the update to show on a credit file, HSBC confirmed in April 2023, that it would correct Mr J's credit file. So, when he complained in May 2023 about his March 2023 credit report, enough time hadn't yet passed for the updates to show. And as Mr J hadn't provided any evidence that the credit reports after April 2023 were incorrect, he didn't think HSBC had done anything wrong here.

HSBC had correctly confirmed it couldn't guarantee Mr J's account wouldn't have a default recorded against it in the future, as it remained in arrears at the time.

HSBC didn't make an error when asking about Mr J about his wife's employment status and if she was attending interviews, as it was trying to establish a picture of his overall financial situation. However, it had recognised the distress it caused to him and so offered £150, which he felt was reasonable.

Mr J disagreed; he felt the compensation should be more than had been awarded for the distress the default had caused to him. He also felt that the investigator should look at the previous complaint as this was a continuation of that complaint. He also told us that he had cleared the arrears on the account.

The matter has now been passed to me to decide.

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.

I realise that I've summarised this complaint in less detail than the parties and I've done so using my own words. I've concentrated on what I consider to be the key issues. The rules that govern this service allow me to do so. But this doesn't mean that I've not considered everything that both parties have given to me.

Mr J feels that this complaint is a continuation of his previous complaint, and although they stem from the same original issue – the arrears and subsequent defaulting of the account – they are separate. And so, while I may refer to things that happened before, my decision will focus on what has happened since his previous complaint was resolved in April 2023. Having said that to reach a fair outcome I have had to look at what happened in the previous complaint and have taken into account how that was resolved in order to reach a fair outcome here.

Before I go into my findings, I would like to say how sorry I am to hear about the difficult personal circumstances Mr J has had to endure in the recent past and send my best wishes to him.

When Mr J brought his complaint here in May 2023, it had already been explained to him that his March credit file might have been impacted by the automatic reporting and manual amending issue, and he had already been compensated for that in April 2023. I say this because I can see that the investigator who dealt with his previous case emailed him in February 2023 – explaining this would be a recurring issue while the account was in the process of being moved from the recoveries area back to the collections area of the

business. In that email she confirms to Mr J the markers on his credit file are not permanent and that HSBC are monitoring the issue until the transfer is complete.

The investigator emailed Mr J again on 4 April 2023, explaining that HSBC have now confirmed the process was complete and the automatic markers are no longer being recorded. The email confirmed the March update had been reviewed and amended and that HSBC were offering £300 for the delays in getting this sorted and the distress it had caused to Mr J, which Mr J accepted.

Based on this I'm satisfied that Mr J has been fairly compensated for the errors reported on his credit file and the delays in rectifying it, up until April 2023. Mr J hasn't provided anything to show the default has reappeared on his credit file after this time and so I can't see that HSBC have made any further errors, other than those already rectified. As such I won't be asking HSBC to do anything more in regard to this issue.

Mr J has asked that HSBC guarantee his account won't be defaulted again in the future and it has said it can't do that. And I don't think it was unreasonable for HSBC to have said that, that's because at the time of Mr J asking, his account was still in arrears and so was subject to HSBC's standard collections procedure, which could lead to default.

Mr J has now cleared the arrears on the account, but even so this doesn't mean that HSBC could or should guarantee his account won't default again, as it has no way of knowing what the future holds. Should Mr J fall into arrears again, at a later date, the account would then be placed back into the collections process. It follows I don't think HSC has made an error here when explaining that to Mr J.

Turning now to the discussion Mr J had with HSBC when trying to set up a payment plan for the account. Mr J had explained to HSBC that his wife was currently not working and so he had no help with the household bills. But this could change once she started working again, and it would free up more money to pay towards his account, as she could help him with the household bills. So, when HSBC asked him if his wife was attending interviews, I think it was trying to gain a better understanding of if his current financial situation was short term or if it was more likely to be a long term. While I don't think that means HSBC did anything wrong in asking the question, I understand that Mr J was very upset by it as Mrs J wasn't party to the account. HSBC recognised this and the length of time Mr J had spent on phone calls with it and offered £150 to compensate for this. I think that is reasonable in the circumstances.

In summary, while I agree with Mr J that HSBC took too long to completely remove the default as they said they would, he was compensated for this under his previous complaint and so I can't award compensation for that in this decision. But to be clear, even if I could I think the compensation HSBC has already paid for their errors there is sufficient. And as I've already explained, I don't think HSBC did anything wrong following the last complaint, it has offered £150 for the upset and inconvenience caused to Mr J in the phone calls, and I'm satisfied that is fair in the circumstances.

I understand Mr J's strength of feeling about this and so I know he will be disappointed with the outcome I've reached. But my decision ends what we – in trying to resolve his dispute with HCBs – can do for him.

My final decision

For the reasons set out above, 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 J to accept or reject my decision before 28 December 2023.

Amber Mortimer
Ombudsman