

## **The complaint**

Mr S complains that HSBC UK Bank Plc carried out a hard credit search on his credit file when it shouldn't have done.

## **What happened**

Mr S holds a Gold Card with HSBC. In April 2023 he applied for an increase to the credit limit to £2500 which was approved.

In October 2023 he called HSBC to increase the credit limit from £2500 to £6000. The application was completed in full and the request was declined because Mr S didn't meet the eligibility criteria. This was because six months hadn't elapsed since the previous increase and the bank's policy was that only one increase is allowed every six months.

Mr S complained because a search had been carried out on his credit file. He said he needed to apply for further credit in the future and the credit search carried out would potentially affect that.

HSBC upheld the complaint. It paid £50 compensation and removed the search.

Mr S remained unhappy and brought his complaint to this service. He thought the compensation should have been higher.

Our investigator didn't uphold the complaint. She said that HSBC had done enough to resolve the complaint by removing the credit search quickly and paying compensation which was fair and reasonable.

Mr S didn't agree so I've been asked to review the complaint.

## **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.

HSBC has acknowledged that it should have advised Mr S of the six month policy without a full assessment and credit search taking place. If the bank had done this, Mr S could have called back a few days later (after the six month period had expired) and there wouldn't have been an issue.

Based on what I've seen, it looks like the agent didn't check the system to see when Mr S had last applied for a credit limit increase. There's no dispute that the agent didn't follow procedure and that HSBC made an error here.

I've gone on to look at what HSBC did to put things right. I can see that the following day (18 October) HSBC contacted the credit reference agencies and requested that they remove the search from 17 October because it had taken place due to a bank error. I can also see that one of the credit reference agencies replied to HSBC on 24 October confirming that the search had been removed. The other credit reference agency confirmed that it hadn't found

a search.

I'm satisfied that HSBC acted quickly to rectify the error by contacting the credit reference agencies the following day.

I've thought about whether there has been any impact on Mr S's ability to obtain credit as a result of the search. I haven't seen any evidence that he was impacted. I appreciate that Mr S was worried about a potential impact but given that the search was removed within a week, I can't see that there was any impact.

Mr S has said that he thinks he should receive more compensation. I've thought about this but on balance I'm satisfied that the sum paid (£50) is fair and reasonable and in line with what this service would award. So, I won't be asking HSBC to do anything further.

### **My final decision**

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 April 2024.

Emma Davy  
**Ombudsman**