

## **The complaint**

Miss J complains that HSBC UK Bank Plc have made multiple errors which have impacted her credit file negatively.

## **What happened**

Miss J says that she has held a current account and a credit card with HSBC since 2019, and she has never missed a payment on her credit card as her credit card has been set up to automatically deduct the monthly payment from her current account. She says that HSBC removed her overdraft without informing her, which led to her credit card payment being reversed. She says when she phoned HSBC to ask why this happened, they told her that they had sent her a letter, but Miss J says she didn't receive a letter about this. Miss J says they wouldn't remove the marker on her credit file relating to this.

Miss J says that HSBC failed to update her direct debit with her new credit card, which led to non-payment and adverse credit information being reported on her credit file. Miss J says that in February 2023, she received a credit marker on her credit file when no payment was due in January 2023. Miss J made a complaint to HSBC.

HSBC did not uphold Miss J's complaint. They said that they wrote to her on 5 October 2022 confirming that no further payments would be collected by direct debit until she spoke with them, following the two payments being unpaid due to a lack of funds. They said she spoke with their branch on 30 December 2022, and they wrote to her on 4 January 2023 confirming that the direct debit was reinstated from her February 2023 payment. They said she should have paid the minimum of £416.08 by 3 January 2023. But only £350 was paid on 30 December 2022. This meant that she was £66.08 behind with her payments.

HSBC said Miss J's payments were only brought up to date on 6 February 2023, and her credit file would correctly show that she was behind with her payments in February 2023, even if only for part of the month. They said they were unable to amend her credit file as there had been no bank error. They apologised for any conflicting or incorrect information provided to her when visiting the branch regarding the direct debit to pay her credit card, but they attached a copy of their letter dated 4 January 2023 which detailed the direct debit arrangement. Miss J brought her complaint to our service.

Our investigator did not uphold Miss J's complaint. He said Miss J did not make the payments in full and these were reversed due to insufficient funds. She reinstated the direct debit in branch, and this was set up to be taken from 6 February 2023. He said there has been no HSBC error here, and they have an obligation to ensure the data they report to the credit reference agencies is an accurate representation of her account. Our investigator said he was unable to comment on what she was told in the branch, however, the previous direct debit had been cancelled due to two returned payments that were unsuccessful due to insufficient funds being available.

Miss J asked for an ombudsman to review her complaint. She made a number of points. In summary, she said there was no explanation as to why the correct direct debit was not set up until 30 December 2022 when she visited the branch. She said the amount on the

statement dated 8 December 2022 should have been reiterated to her when she visited the branch on the same day. She said the basis of her complaint is regarding HSBC failing to update her direct debit details when she was issued with a new credit card in August 2022, which led to non-payment and credit markers. Miss J said she asked how much she would need to pay whilst she was at the branch, and she was told any amount by the bank staff, so she paid £350. Miss J said the direct debit for February 2023 was taken from her account, however she still received a marker on her credit file.

### **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.

Firstly, I'm aware that I've only summarised Miss J's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

As the issue regarding the overdraft being removed has been dealt with under a separate complaint with our service, I will not be looking into the merits of this complaint point under this decision.

I've considered what Miss J has said about the basis of her complaint is regarding HSBC failing to update her direct debit details when she was issued with a new credit card in August 2022. But as HSBC have said in their communication to Miss J, the last credit card which was ordered for her was on 18 August 2021, and so this would have no impact on what happened here, despite what the staff in branch may or may not have told her.

But just to make sure of this, I've looked at Miss J's August 2022 credit card statement. I've cross referenced this with her statements after August 2022, and this has the same card number, so the evidence doesn't suggest Miss J was sent a new credit card in August 2022.

It's clear from Miss J's bank statement that after she paid her credit card payment by direct debit on 2 August 2022, her remaining balance was £1.70. No credits were paid into her account before the next direct debit was attempted on 5 September 2022. This meant there wasn't enough funds in her account for the £216.79 payment to be completed. And I can't hold HSBC responsible for this. I can see that Miss J had paid £350 into her HSBC account the following day, but this wasn't in her account in line with what her August 2022 credit card statement told her - *"Your nominated bank account will be debited by £216.79 on 05 Sep"*.

HSBC have sent a letter to the same address as Miss J gave our service. The letter is dated 6 September 2022, and this informs her the direct debit payment had been returned. I can see Miss J made a manual payment of £216.79 three weeks after she had paid the funds into her account. It's not clear why she didn't make the payment weeks earlier as this could have potentially avoided any impact on her credit file, but after this payment had been made, the account balance was £134.91. HSBC also say they sent Miss J a text on 5 September 2022 informing her a direct debit may be reversed without sufficient available balance at 3:30pm.

No more credits entered her current account before the next direct debit was attempted on 4 October 2022 for £441.91. Miss J had been told on her statement dated 9 September 2022 that *"Your nominated bank account will be debited by £444.91 on 04 Oct"*. So the only reason why this payment failed, was because Miss J didn't have enough money in her

current account to make the payment after her statement clearly set out what would be collected. If there was any reason why Miss J wasn't getting her statements, then it would be her responsibility to inform HSBC about this. HSBC have also provided evidence that they sent Miss J a text message on 4 October letting her know that some direct debits may be reversed if there wasn't available funds in her account by 3:30pm.

So I'm not persuaded these two missed payments had anything to do with a new credit card being issued. The evidence shows Miss J didn't have sufficient funds in her current account at the time the direct debit attempted to debit the payment. As two direct debit payments in a row had been missed, HSBC sent Miss J a letter dated 5 October 2022 which said *"You'll need to contact us to arrange to make those payments another way - We want to make sure you're able to pay these amounts before we request any further payments by Direct Debit, so we've temporarily suspended collection of your Direct Debit. This means we won't try to collect the payment(s) you've missed, or your monthly payments from now on until we talk to you"*. The letter urges Miss J to contact their financial support team.

As the letter was addressed to the registered address, then I can't hold HSBC responsible for any postal issues if Miss J did not receive this letter as this would be outside of their control. But she ought to have been aware from her bank statements – which would be her responsibility to check, the text messages they sent her, and her credit card statements that she didn't have enough funds to pay the direct debit, and that this was returned unpaid. The letter was clear that they won't try to collect the payments she's missed, or her monthly payments from now on until they talk to her. But there is no evidence that Miss J got in touch with them before she visited the branch on 30 December 2022.

So this is why no direct debit attempts were attempted between November 2022 – January 2023. While Miss J spoke to HSBC on 30 December 2022 in the branch, the direct debit wasn't set up in time to collect her January 2023 payment. HSBC were clear on a letter they sent her that *"We are pleased to confirm that this facility is now in place and that the first payment will be claimed from your bank account on 6 February 2023. You will still need to make alternative arrangements for any payments due before this date as these will not be collected by Direct Debit. Please check your most recent statement for details"*. So in all fairness, I can't reasonably say that HSBC were responsible for Miss J's direct debit issues.

I've considered what Miss J has said about asking how much she would need to pay whilst she was at the branch, and she was told any amount by the bank staff. As I wasn't present in the branch, I'm not party to the exact conversation she had with them, and any camera footage would not contain sound, (and it would have likely expired by now), so I'm unable to rely on this here. But if Miss J was told she could pay any amount, this may suggest that the branch staff had misunderstood what Miss J had asked them.

Miss J should be reasonably aware that she couldn't just pay any amount when her payment was usually in the three figures. Her statement clearly said that she needed to pay £416.08 by 3 January 2023, so Miss J should have been reasonably aware of what she needed to pay on 30 December 2022. As Miss J had underpaid by £66.08, then this is why this would need to be reflected on her credit file. As Miss J did spend part of February 2023 in arrears, this is why HSBC might have reported the arrears in February 2023. But as HSBC are required to update her credit file with information about arrears and missed/late payments, it follows I don't require them to do anything further.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or

reject my decision before 28 December 2023.

Gregory Sloanes  
**Ombudsman**