

The complaint

Mrs M complains that HSBC UK Bank Plc reported inaccurate information to her credit file and that they haven't adequately compensated her for mistakes they made when managing her accounts.

What happened

When Mrs M's personal circumstances changed she contacted the bank and they agreed to give her a three month payment break towards debts she had on her credit card and on a loan account. Thereafter, Mrs M came to a payment arrangement with HSBC to make three fixed monthly (qualifying) payments to her credit card and loan accounts. Mrs M says HSBC reported inaccurate information to the credit reference agencies in relation to this break and the subsequent payment arrangements.

Mrs M is also unhappy that HSBC didn't provide her with a replacement credit card and closed her account without adequate reason. She says they were wrong to suggest there had been a missed payment. Mrs M is also unhappy that HSBC allowed an unauthorised payment to her credit card account, and that they told her she needed to make a payment towards her account in November 2022 when one wasn't necessary. She was concerned that the Bank had claimed duplicate payments from her around the time her payment plan was in process, and she said HSBC had also allowed a third party to access her account without her authority.

HSBC didn't think they had reported inaccurate information about Mrs M's account. They paid her £25 compensation in respect of inaccurate advice they had provided regarding payments required, £150 in compensation in respect of the duplicated payments, and £250 to compensate Mrs M for mistakes they made when cancelling her credit card account. Our investigator noted that HSBC had made mistakes but thought that the compensation they had provided was sufficient. As Mrs M disagreed with our investigator's opinion her complaint has been passed to me, an ombudsman, to make a final decision.

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 know it will disappoint Mrs M, but I think HSBC have taken sufficient action here.

Reports to Mrs M's credit file

HSBC have an obligation to report accurate information to the credit reference agencies. Their letters explained to Mrs M that the payment break, and payment arrangement would be reported to her credit file as being "*in an arrangement*". The credit file Mrs M has supplied shows that the payment break was reported as such and it seems the payment arrangement was initially, although HSBC subsequently removed those markers.

The accounts are also shown as settled in February 2023 when Mrs M agrees she paid them off, so I don't think HSBC have done anything wrong. It seems that they could report the agreements as being in an arrangement in September, October and November 2022 but that they have chosen not to. That is in Mrs M's favour.

The cancelled credit card

HSBC are entitled to end a credit card arrangement at any time, but I'd expect them to provide some reasoning for that and to give Mrs M adequate notice of the closure. I don't think they did either here, their reasoning was inaccurate as Mrs M hadn't missed a payment and the notice didn't give Mrs M sufficient time to make alternative arrangements. In those circumstances, I would expect the business to pay some compensation in respect of the distress and inconvenience their mistake had caused. HSBC offered Mrs M £250, and, in the circumstances, I think that's in line with what this Service would usually award. I'm not asking them to pay any more.

Other compensation

HSBC offered £175 to compensate Mrs M for the distress and inconvenience caused by other issues I have noted in the background to this complaint. Given the circumstances, I think that was fair.

The cancelled direct debit

Mrs M says that HSBC allowed an unauthorised payment of £138 to be paid into her credit card account. HSBC have explained that when the payment break started it was necessary to cancel the direct debit that was established for the account. They say that it was reinstated in November 2022. But the direct debit was cancelled too late to stop the August 2022 payment being made so when it reached Mrs M's account it was returned. They've provided screenshots to demonstrate that was the case. I understand Mrs M doesn't think she was paying a direct debit of that amount at the time. It seems likely from the system information HSBC have provided that a direct debit payment was attempted but, even if I'm wrong about that, I don't think Mrs M was particularly inconvenienced by it. It was a payment rather than a debit and was almost immediately returned to the sender. I don't think HSBC need to take any action about that issue.

Mrs M is also concerned that HSBC allowed a third party access to her account. I can't see that HSBC have had the chance to consider that complaint. Mrs M will, therefore, need to refer it to them first. This Service can consider it if she remains dissatisfied with HSBC's response.

My final decision

For the reasons I've given above, I uphold this complaint in part as HSBC will need to pay the £250 compensation they have offered to Mrs M since this Service got involved with the complaint. But if they've already paid that they need take no further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 30 May 2024.

Phillip McMahon
Ombudsman