

## **The complaint**

Mr W complains that HSBC UK Bank Plc failed to quickly correct inaccurate information it had recorded on his credit file, affecting his ability to take out further credit and causing him a significant financial loss.

## **What happened**

Mr W took out a loan with HSBC in 2019. When the COVID pandemic affected his ability to make payments he contacted HSBC who agreed to offer him a period of 'breathing space' where he would not need to make payments. This was initially recorded on his credit file, but the government subsequently issued guidance that this kind of payment arrangement should not affect a customer's credit file, and so HSBC should have removed the information about the payment arrangement.

In early 2021 Mr W discovered that the breathing space was still showing on his credit file as missed payments, so he contacted HSBC to ask it to put things right. HSBC agreed that Mr W's credit file needed to be corrected, and said it would do so, it also paid him £400 for any distress and inconvenience caused at that stage.

In May 2022 Mr W applied to re-mortgage some properties he owned. His application was declined due to adverse information on his credit file, and on investigating further Mr W discovered that two of the credit reference agencies still held adverse information relating to his HSBC loan. Mr W contacted HSBC on 27 May 2022 to raise this. HSBC did then correct this adverse information. But Mr W says by that stage he had missed out on more favourable terms for his re-mortgage. He says this will cost him over £11,000 over the course of the mortgage, and he would like HSBC to compensate him for that.

HSBC looked into Mr W's concerns, and offered him a further £200 compensation, but did not feel it could be held responsible for the loss Mr W was claiming. Mr W was unhappy with HSBC's response, so he referred his complaint to us.

One of our investigator's looked into what had happened, but while they agreed that HSBC could have been clearer about the potential impact of the breathing space on Mr W's credit file, and that HSBC did not correct the credit file when it should have done, they did not feel it was fair to ask HSBC to cover Mr W's claimed loss, they considered that the £200 offered by HSBC was fair.

Mr W disagreed, so as no agreement could be reached this complaint was passed to me for review. I issued my provisional decision on this complaint on 24 August 2023, explaining why I considered the offer of £200 that HSBC had made was a fair resolution to this complaint.

HSBC has confirmed it has no further comments to make on my findings. Mr W has responded to my provisional decision reiterating that he does not feel the compensation offered is adequate.

## 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.

In my provisional decision I explained the following:

*"When Mr W first agreed the breathing space with HSBC in early 2020, the government hadn't yet issued any guidance regarding payment holidays or how such arrangements should be reported to the credit reference agencies. So I don't think it was unreasonable for HSBC to record it as an arrangement to pay or to note the missed payments on Mr W's credit file at that stage. HSBC did tell Mr W at the time that the plan could affect his credit file, I do though agree with our investigator that the conversation Mr W had with HSBC about this could have been better handled. I don't think it was necessarily made as clear as it could have been to Mr W exactly what the potential impact on his credit file would be.*

*However, in April 2020 the government had issued guidance that COVID related payment holidays should not impact customer's credit files. So at that stage Mr W's credit file should have been corrected to remove any reference to the payment plan and any missed payments should have been absorbed into the loan term, and therefore no longer showing as arrears. HSBC's records show that it did send an update to the credit reference agencies in July 2020, asking for adverse information from April 2020 to July 2020 to be removed.*

*But it appears something then went wrong here, as in February 2021 Mr W's credit file was still showing adverse information. From looking at HSBC's records, it appears that the arrears were not absorbed into the loan, and so continued to show as missed payments.*

*When Mr W contacted HSBC in February 2021, it took steps to correct his credit file, HSBC's records show that it sent updates to the credit reference agencies asking for the missed payments to be removed for the period April 2020 to February 2021. Mr W's loan was also reconfigured at that time so that the missed payments were absorbed into the overall balance and no longer classed as arrears. This process did though take a while, and HSBC paid Mr W £400 compensation for the impact on his credit file and for the delay in sorting it out.*

*Unfortunately, Mr W's credit file was still showing adverse information after this point. I do though note that the three credit reference agencies appear to have all had different information recorded for him. One agency showed no adverse data, one showed the arrangement to pay in 2020, and one showed one month of arrears in February 2021. It's not clear to me exactly why the three agencies showed different information, or why the update HSBC sent in February 2021 did not correct the issue with Mr W's credit file. Mr W has said the main issue was the arrears recorded in February 2021, and it seems likely that this month was missed as HSBC updated the credit file in February 2021, so data for that month may not yet have been recorded with the credit reference agencies. HSBC sent an update to the credit reference agencies on 7 June 2022 to correct this information.*

*What I need to decide now is whether this inaccurate record means that HSBC is responsible for the loss Mr W is claiming. But having thought carefully about what has happened here I don't agree that it would be fair to ask HSBC to reimburse Mr W for his claimed losses.*

*I appreciate the evidence Mr W has sent us, supporting that this adverse information was the reason why his original mortgage application was rejected. I understand that when Mr W then reapplied once his credit file had been corrected the mortgage he was offered was on*

*less favourable terms. I don't though think it is fair to say that HSBC is responsible for bearing the financial impact of this.*

*Mr W was aware that HSBC had previously failed to update his credit file. But he doesn't appear to have checked that it was corrected after he raised the issue initially in February 2021. HSBC of course has a responsibility to record accurate information, but I think it's also fair to say that Mr W had a responsibility to keep an eye on the information recorded and let HSBC know of any issues so it can put things right. And when HSBC was told of the issue on 27 May 2022 it sent an update with the correct information within a reasonable amount of time, around 7 working days later. I've got no reason to think that HSBC wouldn't have updated Mr W's file just as quickly if it had been told of the issue earlier.*

*I also note that only one of the credit reference agencies appears to have had the adverse information that caused the problem, it's not clear however whether Mr W attempted to appeal the lender's decision – based on the fact that only one agency showed the offending missed payment – which could again have limited or prevented the loss he is claiming here.*

*With all this I mind, I don't think I can reasonably say that it would be fair to ask HSBC to cover the loss Mr W is claiming. So I consider that the £200 compensation HSBC has already offered to Mr W – on top of the £400 it has already paid to him – is reasonable in all the circumstances of this complaint.”*

Mr W has commented that he does not feel the amount offered goes far enough to 'fine' HSBC, he doesn't think this amount will make HSBC 'take action and change their ways'. But it's important to note that it isn't the role of this service to fine businesses for their mistakes or standard of service. This service isn't intended to regulate or punish businesses for their conduct – that is the role of the Financial Conduct Authority. Instead, this service looks to resolve individual complaints between a consumer and business. Should we decide that something has gone wrong we can recommend that the business pay the consumer compensation for the personal impact on them, but this isn't the same as a fine.

I've also noted Mr W's comments that, given HSBC is a large international banking institution, it should not be his responsibility to ensure they have recorded accurate information about his accounts. But while I can appreciate his point of view here, all businesses – no matter how large – will occasionally make mistakes, but they can't fix those mistakes unless they know that something has gone wrong. And I don't think it is unreasonable to expect a consumer to keep an eye on the financial information that is important to them at any particular time.

I agree that HSBC made errors here, but I'm also satisfied that it put those errors right quickly. I can see from Mr W's emails with HSBC that he did not see any update on his credit file until later in June 2022, but I can also see from HSBC's records that it sent the update to the credit reference agencies on 7 June 2022, and this is supported by evidence we've received from one of the credit reference agencies. I consider that to be a reasonably quick response by HSBC on being told that adverse information was still being recorded.

I appreciate Mr W confirming that he did appeal the lenders decision to not offer him a mortgage based on the inconsistent information about his HSBC account that was showing across the three credit reference agencies. Mr W says this appeal made no difference, and that the lender confirmed they would not agree to offer him a mortgage unless the adverse information was removed. I don't doubt this is the case based on what Mr W has said, but having thought carefully about this I still don't consider that it would be fair to say that HSBC should cover the loss that Mr W is claiming.

I appreciate how disappointing this will be for Mr W, but I remain satisfied that the total compensation of £600 – £400 which has already been paid and £200 which is currently on the table – is reasonable compensation for what has happened here. Inaccurate information was recorded on Mr W's credit file, but HSBC put that right within a reasonable timeframe. And as I explained in my provisional decision, I don't think I can fairly say that the loss Mr W is claiming here can be solely regarded as being down to HSBC's actions.

### **Putting things right**

To resolve this complaint HSBC should pay Mr W £200.

### **My final decision**

I uphold this complaint in part. HSBC UK Bank Plc should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 23 October 2023.

Sophie Mitchell  
**Ombudsman**