

The complaint

Mr W says HSBC UK Bank Plc (HSBC) were unreasonable to register a default on his credit file.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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 was sorry to hear about the difficulties Mr W experienced but having considered the circumstances of his complaint I'm not asking HSBC to take any further action. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

When Mr W had difficulty repaying his loan HSBC provided a payment break. They explained that the payment break didn't change the terms of his agreement and that the arrears balance would continue to increase. Just before the payment break was due to end HSBC wrote to Mr W again and asked him to contact them. They explained that if he didn't the account may be defaulted when the payment break ended as there were significant arrears on it.

When Mr W subsequently contacted HSBC they reviewed his income and expenditure with him and agreed a token repayment plan of £18.20 per month. The agent wrongly informed Mr W that his account wouldn't be defaulted in those circumstances, and I can understand Mr W's frustration when, shortly afterwards, it was.

The Information Commissioner's Office (ICO) says when a consumer is at least three months behind with their payments then a default may be registered. And it would expect a default to be registered by the time the consumer is six months behind with their payments. An account may be recorded as being in default where an arrangement to pay has been entered into for repayment of a sum substantially less than required.

While I understand Mr W's situation changed after the income and expenditure review was completed, I think the evidence HSBC had at that time would suggest that Mr W was unable to sustainably make sufficient repayments towards his debt with them and that a default was,

therefore, inevitable. In those circumstances they were right to default the account when they did as not to do so would have been likely to prolong the impact on Mr W's credit file.

But HSBC needed to compensate Mr W for the distress and inconvenience caused when they provided inaccurate information to him. And, in the circumstances, I think the £200 they offered was reasonable.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 25 April 2024.

Phillip McMahon
Ombudsman