

## **The complaint**

Mr W complains that HSBC UK Bank Plc recorded missed payments on his credit file incorrectly. He says this adversely affected his credit file for a number of months and resulted in his application for finance with another provider being declined causing him significant distress and inconvenience.

## **What happened**

Mr W was provided with a loan by HSBC in 2020. In December 2021 he contacted HSBC as he was struggling with his finances. In April 2022, an income and expenditure form was completed with Mr W and a further assessment was completed in July 2022. Following this a three-month payment plan was set up. Mr W adhered to the payment plan and received a letter dated 14 October 2022 saying that his account would be treated as being up to date and that his credit file would be amended to reflect this.

In February 2023, Mr W applied for a loan with another credit provider. His application was declined due to missed payments on his credit file. Mr W says that HSBC had incorrectly recorded the missed payments and due to this he wasn't able to acquire a mobility scooter causing him significant inconvenience and distress. Mr W also complained that HSBC hadn't provided the reasonable adjustments it should have to assist him when he was trying to deal with this issue.

HSBC accepted that a mistake had been made as it hadn't amended Mr W's credit file as it should have. It apologised for this. HSBC also apologised that Mr W didn't feel the agent he spoke to understood the seriousness of the situation and didn't take into account the adjustments he needs. Due to the mistakes made, HSBC said in its final response letter dated 10 March 2023 that it would remove all adverse information relating to July, August, September and October 2022 from Mr W's credit file. It also offered to provide a letter explaining the mistake that was made if helpful. It confirmed Mr W's customer care notes informed its agents of the reasonable adjustments that should be made and said feedback had been provided. Due to the distress and inconvenience Mr W had been caused it offered to pay him compensation of £750.

Mr W didn't consider the compensation offered sufficient given the upset and distress he had been caused. He informed HSBC that he didn't accept its offer but the compensation was then paid into his account without his authority. Mr W contacted HSBC about this and asked for his complaint to be reopened and this issue to be included. This happened and a further letter was sent to him dated 14 March in which HSBC said that it was able to compensate a consumer within a certain limit without authority and that this wouldn't affect his rights to refer his complaint to the Financial Ombudsman Service. Mr W wasn't happy as the letter was from the same agent who he was complaining about in regard to making the compensation payment when he had rejected this. He contacted HSBC again and his complaint was reopened. He said he had lost £3,000 due to the issues as well as being caused distress and inconvenience and so compensation of £3,500 was reasonable.

HSBC issued a further final response letter dated 29 March 2023, in this letter it noted that as well as the amendments to the credit file noted in the previous response letter missed

payments for May and June 2022 had also been removed. It didn't agree that compensation of £3,500 should be paid and instead thought its offer of £750 was reasonable.

Mr W didn't think that HSBC had done enough to resolve his complaint and he referred it to the Financial Ombudsman Service.

Our investigator thought that the actions HSBC had taken were reasonable. He didn't think it was required to do anything further in resolution of the complaint.

Mr W didn't agree. He didn't accept that HSBC had dealt with his complaint fairly and said it had failed on several occasions to make reasonable adjustments. He said he had provided evidence from the loan provider to show that his application was declined due to the misreporting by HSBC. He said this issue caused him financial damage of £3,000 and that he had spent lots of time trying to resolve this issue.

As a resolution hasn't been agreed, this complaint has been passed to me, an ombudsman, to issue a 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 understand how upsetting the issues Mr W has experienced with HSBC have been for him. I note the additional information he has provided since our investigator has issued his views and I have taken all this into account. Mr W has rightly identified that my role is to ensure I take all relevant laws and regulations into account but that my decision is based on what I consider fair and reasonable given the individual circumstances of the complaint. Mr W has raised many issues and while I may not have provided detailed comments on all of these, I can assure him I have taken all the evidence into account and my decision is focused on the key elements of the complaint.

The underlying issue that gave rise to this complaint is that Mr W believed his credit file would be updated following the letter he received in October 2022, as he had kept to the terms of his payment plan, but this didn't happen. It was only when he applied for finance from another provider that he realised the situation. Mr W's complaint is about this mistake and also that HSBC didn't apply the reasonable adjustments it should have when dealing with him. I have dealt with both of these parts of his complaint separately as well as considering the fair amount of compensation.

#### ***Failure to update Mr W's credit file***

When Mr W contacted HSBC about the issue with his credit file, it acknowledged that a mistake had been made. When a mistake has been made, we would expect the business to put the consumer back in the position they would have been had the mistake not happened. And where appropriate to pay compensation. In this case HSBC removed the adverse information from Mr W's credit file for July, August, September and October 2022 as should have happened in October 2022. It also said that missed payments recorded in May and June 2022 had been removed. HSBC acknowledged that Mr W had been declined finance and so if he made another application this would result in an additional search appearing on his credit file. Because of this it offered to provide a letter explaining the situation.

Given the amendments that have been made to Mr W's credit file and the offer of a letter explaining the mistake, I find that HSBC has put Mr W back in the position he would have been had the correct action been taken in October 2022 (and potentially a better position

due to removal of adverse information from May and June 2022). Therefore, I find it has done enough in regard to this part of Mr W's complaint.

### *Reasonable adjustments*

Mr W has complained about HSBC not making reasonable adjustments when dealing with him and noted its actions with reference to the Equality Act 2010. I should first explain that we are an informal dispute resolution service, meaning we don't have the power to decide whether or not HSBC is in breach of the Equality Act 2010, as only a court has the power to do this. What we can do is take relevant law and regulation into account when deciding what's fair and reasonable in the circumstances of a complaint.

HSBC has confirmed that it has a customer care needs marker on Mr W's account which notifies all colleagues of the reasonable adjustments to consider when assisting him. I have noted the comments on Mr W's customer care notes and have listened to the calls provided. On these Mr W explains how he has been treated and how he feels the seriousness of his complaint wasn't acknowledged. This is disappointing and on the call with the agent after his complaint was raised, I find that the agent did understand the issues Mr W raised and took these seriously. The agent said that feedback would be provided to the other agents about how Mr W had been treated. Mr W shouldn't have to raise a complaint in order to have a reasonable level of service and his reasonable adjustments reflected in how he is treated, and I have considered this as part of my consideration of the compensation. In this case, I think after raising the complaint HSBC did say feedback would be provided and the impact on him would be fully considered which I find reasonable.

### *Compensation*

HSBC offered to pay Mr W £750 compensation for the distress and inconvenience he has been caused. I understand that Mr W doesn't think this is sufficient.

Mr W's application for a £3,000 loan was declined. Mr W has said this was a financial loss, but I cannot say not being provided with finance resulted in him suffering a financial loss. Any finance he might have been provided would have needed to be repaid and so I cannot say that Mr W has lost £3,000 as a result of the decline in his application. A cost that could arise would be if the impact on his credit file meant credit would be provided at a higher rate but as Mr W's credit file has been amended and HSBC has offered to provide a letter explaining the situation, I find that reasonable actions have been taken to mitigate this.

While I do not find a financial loss has been incurred, the issue has caused Mr W distress and inconvenience. Mr W's finance application was to buy a mobility scooter and without this he hasn't been able to get out and about and has been reliant on others. I can understand how upsetting and frustrating this must be for him. I also agree that more could have been done in regard to the reasonable adjustments to assist Mr W when he raised his complaint. Because of this I agree that compensation is required and that this needs to reflect the upset he has been caused.

I have taken into account the actions HSBC took when it was made aware of the issues with Mr W's credit file and the time taken to get this amended. I have also thought about the wider impact this delay in accessing finance for the scooter will have meant. Taking all this into consideration, I think the £750 offered by HSBC is reasonable.

Mr W has also complained that HSBC paid the compensation amount of £750 into his account without his permission and after he had made contact to say that he wasn't accepting the compensation amount. A letter was then sent in response to this issue from the agent who had made the payment. I understand how frustrating this must have been for

Mr W as he then needed to make further calls to get his complaint reopened. However, as the complaint was reopened, and this issue didn't prevent Mr W from taking his complaint further I do not find that additional compensation is required.

Taking all of the above into account, while I understand that Mr W won't be happy with my decision, in this case I think the actions taken by HSBC and compensation offered are reasonable.

### **My final decision**

My final decision is that actions taken by HSBC UK Bank Plc to remove the adverse information from Mr W's credit file and provide a letter explaining the situation if requested, and its payment of £750 for the distress and inconvenience he had been caused is reasonable. I do not require it to do anything more than this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 16 August 2023.

Jane Archer  
**Ombudsman**