

The complaint

Mrs N complains that HSBC UK Bank Plc passed her outstanding debt on her John Lewis Partnership Card to the collections department and registered a default.

What happened

Mrs N held a John Lewis card account which was administered by HSBC. In 2022 HSBC ceased to be the provider of the Partnership Card. A letter was sent to Mrs N advising her that her existing Partnership Card would become inactive on 31 October 2022.

Mrs N made a payment to her Partnership Card account on 3 October 2022. There was an outstanding balance on the card and letters were sent to Mrs N to advise her of this. No payments were received. A final demand was issued on 18 March 2023 and because payment wasn't received, a default was registered on Mrs N's credit file.

Mrs N has told this service that she was abroad from October 2022 until March 2023. She says she received texts about an outstanding amount but when her daughter called John Lewis Partnership Card to pay it, she was told that there was nothing outstanding.

When Mrs N returned from abroad, she discovered that the default had been registered and that her credit file had been negatively impacted. She complained to HSBC and asked it to remove the default.

HSBC didn't uphold the complaint. It said that the default had been correctly registered due to non-payment on the account.

Mrs N remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. He said that statements had been sent to Mrs N showing that there was an outstanding balance and that it was her responsibility to pay this even if she was abroad. The investigator said that HSBC hadn't done anything wrong by registering the default.

Mrs N didn't agree. She said she saw the texts about an outstanding balance and called John Lewis several times but was always told that there was nothing outstanding on the account. Mrs N said that whilst she was abroad, she was unable to retrieve any letters which had been sent to her. Mrs N said she didn't think there had been proper communication between HSBC and the new card administrator. She said she'd settled the balance and she didn't think it was fair that there was an ongoing impact 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.

I've reviewed Mrs N's account. The last payment was made on 3 October 2022 for £880.88.

I've reviewed the statement which was sent to Mrs N dated 23 October 2022. This clearly

states that the Partnership Card will be closing on 31 October 2022 and that she will need to continue making payments to any outstanding balance on the card.

The account was used up until the end of October 2022 and at the date when the existing Partnership Card became inactive on 31 October 2022 there was an outstanding balance on the account.

I can see that several collections letters were sent to Mrs N about the outstanding balance. Mrs N has acknowledged that she received texts regarding the outstanding amount. I can't see that any payments were made towards the outstanding balance in response to the letters and texts.

Because no payments were received to the account, HSBC issued a default notice on 22 February 2023. On 18 March 2023 a final demand was issued, and the account was subsequently passed to the collections team in July 2023.

I can see that Mrs N contacted HSBC in July 2023 and raised her complaint. During the call, Mrs N said to the agent that she thought that the balance on her old Partnership Card would transfer automatically over to the new card.

I've reviewed the system notes provided by HSBC. I can't find anything to suggest that Mrs N was told that her old balance would be transferred over to the new account. The letter which was sent to Mrs N advised her that her account would be closing on 31 October 2022 and that if she wanted a new card with the new administrator then she would need to apply for a new credit card with them. I can see that Mrs N applied for the new card.

Mrs N has said that when she called John Lewis she was told that there was no outstanding balance. It isn't clear when Mrs N called, and whether she called regarding her new card or her old card. I haven't seen any evidence to suggest that HSBC advised Mrs N that there was no outstanding balance. This would be at complete odds with the numerous letters and texts which had been sent to Mrs N advising her that she had an outstanding balance, and that payment was required.

I appreciate that Mrs N has since settled the balance. But this was after the default had been registered. Settling the balance doesn't mean that HSBC is obliged to remove the default. The only circumstances where this service would require a business to remove a default is if there is evidence that the default has been registered in error. In this case, the default has been correctly registered because Mrs N failed to make the required payments to settle the outstanding balance.

I also appreciate that Mrs N has said that she didn't receive any of the letters because she was abroad. It's reasonable to expect that Mrs N would have made arrangements for her post to be collected or forwarded during an extended period abroad. But even if this didn't happen, ultimately it remains Mrs N's responsibility to pay the outstanding balance on her account.

For the reasons I've explained, I'm unable to uphold the complaint. I won't be asking HSBC to remove the default.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision before 16 April 2024.

Emma Davy
Ombudsman