

The complaint

Mr G is unhappy with the service provided to him by HSBC UK Bank Plc around his credit card and a default registered against him.

What happened

Mr G got into some difficulty making the regular monthly payments on his credit card. The card was suspended by HSBC, and it said it wouldn't add interest or charges to the account. Eventually a payment plan was agreed but as no payments had been made up to that point HSBC started the process towards default and updating Credit Reference Agencies. Mr G didn't accept this, he didn't think the default notice should have been issued and brought his complaint to this service.

Our investigator didn't uphold the complaint. She said Mr G was already three months behind on his payments before he made arrangements for the payment plan. So, the default on the account was always likely to happen. She also said HSBC have to report accurate customer default information to Credit Reference Agencies. Our investigator didn't think Mr G would've done anything different if HSBC had made the default arrangements clearer to him during the phone call. But in view of the mistakes made in explaining the issues during the call about the credit card default HSBC offered Mr G £100 compensation for the inconvenience caused. Our investigator felt that was fair.

Mr G didn't accept this and asked for his case to be passed to an ombudsman for 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.

Mr G said he felt that he had six months to make a payment and that he was given the impression nothing would happen in the intervening period. He also said as he did agree a payment plan there was no reason for HSBC to issue the default notice.

I think it's fair to say most credit providers wouldn't put a customer's account in default just because one payment had been missed. But I accept that three months of non payment is often seen as a trigger when such providers usually do take further action. HSBC did write regularly to Mr G letting him know what they were doing and asking if he was able to bring his account up to date. As Mr G wasn't able to clear the outstanding amount, I don't think HSBC acted unreasonably or unfairly when it issued the default. Mr G did have an opportunity to clear the amount but unfortunately he wasn't able to.

But I do accept that HSBC wasn't as clear as it could have been about these details in a telephone discussion with Mr G. Mr G should have been told that the default was still going to happen. In view of this HSBC offered to pay Mr G £100 as compensation for any distress and inconvenience this caused him. I think that's a fair offer based on the position Mr G

found himself in once the default had been issued and the Credit Reference Agencies updated.

My final decision

I don't uphold this complaint.

I make no award against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 12 December 2023.

John Quinlan
Ombudsman