

The complaint

Mr P complains that HSBC UK Bank Plc has reported incorrect information about his credit card to credit reference agencies.

What happened

Mr P had a credit card with HSBC. The account fell into arrears and a default was issued.

Mr P says that until mid-2019 the date of that default on his credit report was shown as August 2013. So, he was expecting the default to be removed from his credit report in August 2019 – six years after it was registered.

Based on this understanding he applied to HSBC for additional lending in October 2019. This application was unsuccessful. To understand why Mr P got another copy of his credit report. This showed that the date of default for the credit card he previously had with HSBC was now listed as December 2013, meaning it would not be removed from his report until December 2019. Mr P also got confirmation from a credit reference agency that HSBC had updated this information.

Mr P complained to HSBC. It said that the amended information – that the account defaulted in December 2013 – was correct. So, it thought it had acted appropriately by updating this. It accepted though that the information reported previously was incorrect. So, it paid £300 to Mr P's current account for the distress this had caused.

Unhappy with HSBC's response Mr P asked our service to look into the complaint. An investigator considered the complaint. They thought that the evidence suggested December 2013 was the correct date of default. And they felt, based on information provided by HSBC, the application Mr P made for further credit that was declined would likely have not succeeded even without this adverse information. So, they felt HSBC's offer was a fair way to resolve the complaint.

Mr P disagreed. He said he didn't feel the offer reflected the distress he'd been caused, particularly as HSBC has reported the wrong default date for nearly six years and only amended this shortly before he expected the default to be removed from his credit report. As Mr P did not agree with the investigator's opinion the complaint has been passed to me to decide.

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.

Businesses have a duty to ensure that the information they report to credit reference agencies is a correct reflection of account conduct.

HSBC has provided information to show that the credit card account was passed to its recoveries department in December 2013. And it says the account would've been defaulted

at that stage. Based on the information available, on balance I think the account likely was defaulted in December 2013.

Mr P has provided evidence from credit reference agencies that the date of default was reported as August 2013 for a long time. So, it seems HSBC was previously reporting incorrect information – which it accepts.

But as I've said HSBC had a duty to report correct information and it seems that December 2013 was the correct default date. HSBC informed credit references agencies of this. And I think it has acted correctly by updating this information to reflect the true position of Mr P's account.

Defaults are generally removed from credit reports six years after they are registered. I know Mr P would've preferred the default to be removed from his credit report in August 2019 – in line with the previously incorrect information. But that isn't what would've happened if the original error hadn't occurred. If the correct date had been reported by HSBC from the outset, the default would've still remained on Mr P's credit file until December 2019 – six years after it was registered. So, I don't think its previous error meant it should've asked for the default to be removed from Mr P's credit file in August 2019 – before six years had passed since registration.

Taking everything into account I think HSBC was right to update the default date with credit reference agencies. And in turn, as this updated information was correct, I don't think HSBC has done anything wrong by taking it into account when assessing Mr P's lending application in October 2019.

As I've said, HSBC has acknowledged it did previously report incorrect information. And I agree with Mr P it would obviously have been better had this reporting error been discovered a lot earlier than it was. But while I don't doubt that it was upsetting for Mr P to learn that the date of default had been reported incorrectly, I think the £300 HSBC previously paid Mr P is a fair way to address the upset caused by its error. So, it follows that I don't require it to do any more.

My final decision

For the reasons given above my decision is that I don't uphold Mr P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 2 July 2020.

Ben Stoker
Ombudsman