

## **The complaint**

Mr R's complained he wasn't told by HSBC Bank plc ("HSBC") that agreeing breathing space on his credit card would have an impact on his credit file. He says that he wouldn't have gone ahead if he'd known.

## **What happened**

Mr R has a current account and a credit card with HSBC. In mid-2019, he was having some issues with his finances. So he contacted HSBC to see if anything could be done.

HSBC took Mr R through an income and expenditure questionnaire. That showed that his expenses were higher than his income. So HSBC offered Mr R two months' "breathing space" on his accounts. They told him that, during those two months, he wouldn't have to make any payments. They wouldn't charge interest on what he owed. And they wouldn't chase him for payments. They said Mr R would need to contact them before the two months was up so they could review the situation.

Mr R was worried that, if he accepted the solution on offer, it would impact on his credit report. He wanted to avoid that. HSBC told him that it might affect his credit score if he missed payments or went over his credit limit.

Mr R decided to take up HSBC's offer for his credit card, but not his current account. He did this on the basis it wouldn't affect his credit file.

After the two months was up, Mr R contacted HSBC again. During this call, he was told his account was in arrears, because he'd not made the payments that had been due during the breathing space.

Mr R complained to HSBC. He said he hadn't been told that the missed payments would mount up and the account would fall into arrears. He'd understood his account had been put on hold for two months and he'd been told he didn't have to make payments. And there'd been an impact on his credit file, which he'd wanted to avoid. He asked the person dealing with the complaint to listen to the phone call of his conversation about the breathing space.

HSBC considered Mr R's complaint, but dismissed it. They said they'd listened to the call and Mr R had clearly been told what would impact on his credit file. So they didn't think they'd done anything wrong.

Mr R wasn't satisfied, so he brought his complaint to us. He told us HSBC didn't make him aware that missed payments would show on his credit report. Our investigator considered the evidence – in particular the recording of the call between Mr R and HSBC. She said she heard HSBC tell him on multiple occasions that, if he missed payments, it may affect his credit file. So she didn't think HSBC should have done anything differently.

Mr R didn't agree with the investigator's view. He said he wasn't told this applied to the breathing space. And, if he'd known that, he would've looked at other options.

I made a provisional decision on the complaint. I listened to the telephone conversation between the parties. And while I agreed Mr R had been told that missing payments may affect his credit file, I didn't think HSBC had made it clear to him that they would count not making payments during the period of breathing space as missing a payment. I thought they should have done. So I provisionally decided to direct HSBC to pay Mr R £150 compensation – and to amend his credit file for the two months covered by the breathing space they applied.

### **What I've decided – and why**

I considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint and I sent HSBC and Mr R a copy of my provisional decision. Both have replied saying they accept it. So I'm making my final decision for the reasons I've summarised above.

### **My final decision**

I'm upholding Mr R's complaint about HSBC Bank plc and directing them to pay him £150 compensation and to amend his credit file for the two months covered by the breathing space they applied.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 31 July 2020.

Helen Stacey  
**Ombudsman**