

## **The complaint**

Miss K complains about a credit card she held with HSBC UK Bank Plc.

## **What happened**

Miss K has had a credit card account with HSBC for many years. Miss K has complained to this service about several issues she's had with the card. I've summarised these below:

- the interest rate continued to increase on the account, until she asked for the account to be closed in 2008.
- HSBC automatically increased her credit limit without telling her – and this got her into further debt.
- Miss K says she got into financial difficulties around 2015 and HSBC didn't help her.
- She's said that since 2015, HSBC hasn't helped her with when she's been in financial difficulties and it has now sold the debt onto a third party – which Miss K is concerned will affect her credit score.

Miss K complained to HSBC in 2015, and it responded to her to say it hadn't done anything wrong. Our investigator looked into Miss K's complaint and decided that we couldn't look into Miss K's complaint about the interest changes, credit limit increases and lack of financial support from HSBC – as HSBC had already responded to these points in 2015. It told Miss K she could bring the complaint to this service if she wasn't happy with the response, but she'd need to do that within six months of the date of that letter. Because she didn't do this, this service didn't have the power to look into those things.

Miss K accepted what our investigator said. And so our investigator continued to investigate what had happened since 2015. Miss K says that HSBC hadn't reached out to help her when she started to struggle financially and that it had now sold her debt on – which will impact her credit file.

Our investigator didn't think HSBC had done anything wrong. He found that HSBC had sent Miss K a number of letters offering support and directing her to debt charities if she needed assistance. He also found that it was okay for HSBC to sell the debt onto a third party, and that HSBC were within their rights to report this information to the credit reference agencies.

Miss K didn't agree with our investigator. She's said that if HSBC had made it clear to her that once the debt was sold, it would show on her credit file and negatively impact her credit rating, she would have got in touch with HSBC to sort out the issue.

Because Miss K didn't agree, the complaint has been passed to me to decide on the matter.

## **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'd first like to make it clear that I don't have the power to investigate anything that HSBC had investigated and responded to Miss K about in its final response letter from November 2015. So in this decision, I'll be looking at whether or not HSBC did enough to help Miss K when she got into financial difficulties after November 2015. And I'll be looking to see if HSBC acted fairly in selling the debt to a third party and reporting to the credit reference agencies that her account had defaulted.

Based on everything I've seen, I think HSBC has acted fairly and so I won't be upholding Miss K's complaint. I'll explain my reasons for this below.

*Did HSBC treat Miss K fairly when she got into financial difficulties?*

Miss K says that she didn't tell HSBC that she'd got into financial difficulty again post 2015. She says this is because HSBC didn't help her before – and so she didn't think they'd help her again.

Even if Miss K didn't tell HSBC about her financial struggles, HSBC were still required to proactively look for signs that Miss K was struggling. For example, missing the monthly minimum repayments. And if Miss K was displaying signs of financial difficulty, then it needed to treat her fairly.

Looking at everything on file, I can see that Miss K did display signs of financial difficulty, and HSBC did respond to these.

In February 2016, HSBC sent Miss K a letter notifying her that she was only making the minimum payment each month – and let her know that this was an expensive way to repay the balance on her account in the long run. The letter also provided Miss K with how to find more information if she was in financial difficulties – and it directed her to some free debt charities.

HSBC also sent Miss K a similar letter to this in September 2018. But this time it gave her more information about what would happen if she continued to only make the monthly minimum repayment. And again, offered support if she was struggling.

In November 2018, HSBC sent Miss K a default notice. The notice asked Miss K to bring the account back up to date. And told her to get in touch if she was struggling to pay. It sent her a further letter in December 2018 as a final demand – and also offered help and provided information about free debt charities.

Based on what I've seen and what Miss K has told us, she didn't get in touch with HSBC to discuss the difficulties she was facing. Had she done this, HSBC might have been able to do more to help her.

Miss K says that HSBC didn't reach out to her and offer to freeze interest. But I can see that following the letter HSBC sent to Miss K in November 2015, it froze the interest on her account for six months to help her get back on track. It's also worth noting that HSBC weren't obliged to freeze the interest. And it's even less likely that it would do this without her even talking to them about her situation.

So based on everything I've said above, I think HSBC offered help to Miss K when she was showing signs of financial difficulty. And I think it treated her fairly in respect of this.

*Was it fair for HSBC to report the default to the credit reference agencies*

HSBC is required to report factual information about a person's account management and activity to the credit reference agencies. It's important that it does this because offer lenders may rely on this information when deciding whether or not to lend to someone.

Miss K says that had she have known that the default would be reported to the credit reference agencies, then she would have done more to get her account up to date.

From the information I've seen, HSBC sent Miss K two letters about the default. One in November 2018 and the other (a final demand) in December 2018. Both letters explained that HSBC would report information about the conduct of the account to the credit reference agencies – and it explained that Miss K may find it harder to get credit if it did this. So I'm satisfied that HSBC explained the consequences the default could have.

Because Miss K didn't bring the account back up to date, the account eventually defaulted, and HSBC reported this to the credit reference agencies. HSBC didn't do anything wrong in reporting this information and I think it made it clear to Miss K the impact this could have. So, I'm not going to ask HSBC to remove this information.

*Was it fair for HSBC to sell Miss K's debt to a third party?*

I've looked at the terms and conditions of Miss K's account, these explain that HSBC can sell the debt onto a third party. The account had been closed for some time before this, and so was essentially a repayment only account. I don't think HSBC selling the account to a third party has been detrimental to Miss K. And in any event, I don't think it was unfair of HSBC to do this. Miss K has made reference to the transfer of the debt now showing on her credit report. This is normal. And that's because the third party are now the owners of the debt and so the debt should now show as being owed to the third party instead of HSBC.

### **My final decision**

For the reasons set out above, I don't uphold Miss K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 7 October 2020.

Sophie Wilkinson  
**Ombudsman**