

The complaint

Mr O complains that HSBC UK Bank Plc (HSBC) shouldn't have marked his credit file.

What happened

Mr O had a current account with HSBC. In July 2018, they told him they would close his account. He tried to pay in £350. These credits were returned. The account was closed in September 2018. A default was registered, and the debt transferred to a debt collection agency. Mr O repaid the debt in July 2020.

Mr O complained. He didn't dispute that HSBC could close his account. But he said a default shouldn't be registered because he'd tried to pay in £350 to his account – which HSBC wouldn't accept. And he'd called HSBC and they said he could pay into his account and the debt would be reduced. And he didn't receive HSBC's letter dated 21 July 2018 until after he'd tried to pay in money on 23 July 2018 and 26 July 2018.

HSBC said they had the right to close Mr O's account in line with their terms and conditions. They'd given him notice to make other banking arrangements.

Mr O brought his complaint to this service. Two investigators looked at what had happened. They said that HSBC had the right to close accounts if they wished. They had asked Mr O for repayment proposals but didn't get any. When they wrote to Mr O giving him notice that his account was to be closed, they advised Mr O not to pay into his account. A final demand was sent to Mr O in August 2018. This said the debt would be advised to credit reference agencies (CRAs). Even though Mr O had then repaid the debt, the CRA would show the debt as satisfied with a zero balance – but this would remain on Mr O's credit file for six years. HSBC had acted correctly in advising the debt to the CRAs.

Mr O asked that his complain be reviewed by an ombudsman.

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 can see where Mr O is coming from. He was told by HSBC that he must close his account – and he doesn't dispute that HSBC could do this. But he says he didn't get HSBC's letter about this until after he'd tried to pay in £350 towards the debt of approximately £1951 - in July 2018. So – he says – if HSBC had accepted these credits, they wouldn't have registered his default on his credit file. He also says that he called HSBC and they told him they would accept the credits.

There is conflicting evidence here. HSBC say they have no record of these calls. Where the information I've got is incomplete, unclear or contradictory (as some of it is here) I must base my decision on the balance of probabilities. That is – what's more likely than not to have happened in all of the circumstances here, based on the available evidence.

Looking at what happened here – HSBC took the decision to close Mr O’s account. This is not the basis of Mr O’s complaint. But it’s worth noting that HSBC could do this – it’s within their terms and conditions. They wrote to Mr O on 21 July 2018 and said they would close his account. The letter said Mr O’s account was suspended, and no debits would be paid – and Mr O was asked not to pay into his account. HSBC made demand for repayment on 27 July 2018 – this said that a default would be registered if the debt wasn’t repaid within seven days – and that Mr O’s credit file would be marked. A final demand for repayment was sent on 20 August 2018 for £2157.92 – and this said the CRAs had been notified.

Mr O has showed us a screenshot of his other bank account. This shows he made transfers of £100 on 23 July 2018 and £250 on 26 July 2018. The receiving bank account isn’t shown but he’s told us it was to his HSBC account. His HSBC statement doesn’t show these entries – as they were returned by them. I think it’s quite likely that Mr O wouldn’t have received the letter dated 21 July 2018 by the time he attempted the first transfer. But – I think it’s reasonable to assume he would have got it by the time of the second transfer. So – I’ve thought more about the transfer of £100 on 23 July 2018.

I’ve looked at HSBC’s terms and conditions – they say “*We can refuse to accept a payment into your account if it’s reasonable for us to do so for any reason...*” So – even if Mr O hadn’t got HSBC’s letter by the time of the first transfer attempt, HSBC could’ve refused the credit anyway.

I’ve then thought about what would have happened if HSBC had accepted the credits to Mr O’s account. They’d already made the decision to close his account – so this wouldn’t change. And they’d made demand for repayment of the full balance on 27 July 2018. I can see from Mr O’s statements that the balance then was £1951.41 debit – so the credits of £350 wouldn’t have repaid the debt or satisfied HSBC’s demand for repayment anyway. So - it’s likely that nothing would’ve changed.

Mr O showed us his phone statements. These show some calls to HSBC – including one on 25 July. We’ve asked HSBC for the calls Mr O says he made to them. They told us they can’t trace them – we’ve seen evidence that this is the case. So – unfortunately, I can’t take this into consideration.

Mr O repaid the debt in July 2020. He says that this should mean that the marker on his credit file should be removed. I’m afraid that isn’t the case – HSBC’s letter dated 23 July 2020 says that his file will be updated to show a balance of nil and marked as satisfied. This is correct. All lenders, including HSBC, must record accurate information at the CRAs – and that’s what they’ve done here. It’s up to other lenders to decide how they interpret that information.

I can see that Mr O feels strongly about what happened. So, I know he’ll be disappointed by my decision – but I won’t be asking HSBC to do anymore here.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr O to accept or reject my decision before 23 April 2021.

Martin Lord
Ombudsman