

## **The complaint**

Miss K is unhappy with the service she received from HSBC UK Bank Plc surrounding her requests for two three-month payment holidays on her loan account.

## **What happened**

Miss K requested a three-month payment holiday on her loan account from HSBC because she was struggling to meet the repayment commitments on the loan because of the financial impact of Covid-19. HSBC agreed to Miss K's request and she was granted a three-month payment holiday on the account.

As the end of the three-month payment holiday approached, Miss K contacted HSBC and requested a further three-month payment holiday for the same reason. A HSBC agent helped Miss K complete the steps necessary to apply for this further payment holiday and advised Miss K that a decision would be shortly forthcoming.

Miss K became increasingly worried as the loan repayment date was approaching and she hadn't heard from HSBC as to whether a second payment holiday would be agreed on her account or not. Miss K contacted HSBC on several occasions but was told that a decision would be made shortly and that she should wait to hear from HSBC accordingly.

Shortly afterwards, Miss K discovered that HSBC had reported to the credit reference agencies that payments had been missed on her loan during the time that the first three month payment holiday had been agreed. Miss K wasn't happy about this, or about the fact that she'd recently contacted HSBC chasing a decision on her second payment holiday request she'd been told that the correct forms hadn't been completed and so had to complete them again – even though she'd completed the forms with a HSBC agent previously. So, Miss K raised a complaint.

HSBC looked at Miss K's complaint. They agreed that there had been a mistake with the credit file reporting and they apologised to Miss K because of this and promised to correct it. HSBC also confirmed to Miss K that her application for a second three-month payment holiday had been approved and that the second payment holiday would be scheduled to commence immediately after the end of the first payment holiday. Finally, HSBC made payments totalling £100 to Mrs K to compensate her for any distress and inconvenience this matter may have caused.

Miss K didn't feel that HSBC's response to her complaint went far enough, and so she referred her complaint to this service. One of our adjudicators looked at this complaint. But they felt that while HSBC had made some errors in how they'd managed the situation, the response that HSBC had already issued to Miss K's complaint, including the corrective action and the payment of £100 compensation, already represented a fair and reasonable resolution to what had taken place. So, they didn't uphold Miss K's complaint.

Miss K remained dissatisfied, so the matter was escalated 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.

I issued a provisional decision on this complaint on 7 February 2022 as follows:

*HSBC don't dispute that they could have provided better service in regard to how they initially misreported the first three-month payment holiday to the credit reference agencies and in how they communicated with Miss K about her request for a second payment holiday on her account.*

*In circumstances such as this, what this service would expect would be that HSBC would undertake the corrective action necessary to return Miss K to the position that she should have been in, had the errors not occurred.*

*I think that HSBC have done that here, and I say this because they've already corrected the credit file reporting so that Miss K's credit file accurately shows both of the three-month payment holidays that she was approved for, and so that it doesn't incorrectly show any missed payments for either of these periods.*

*However, it would also be expected by this service that HSBC make a fair and reasonable payment of compensation to Miss K in light of the trouble and upset that she may have incurred.*

*In this instance, while I commend HSBC for apologising to Miss K and for making the compensation payments that they did – which totalled £100 – I'm not convinced that these payments take sufficient account of the trouble and distress that Miss K has experienced here.*

*I say this both because of the number of times that Miss K had to contact HSBC about these matters and also because Miss K has explained to this service that the events in question did cause her considerable distress.*

*Additionally, Miss K's personal situation at the time of these events – being the mother of a dependent child and whose only source of income was government benefits (as evidenced by the income and expenditure information that HSBC collated from Miss K themselves) – leads me to accept Miss K's stated position that the uncertainty she felt about the incorrect reporting on her credit file, and whether her application for a second payment holiday would be successful or not, would have had an impact on Miss K to an extent where I feel that the payment of £100 compensation to Miss K doesn't fairly compensate her for that impact.*

*As such, I will be provisionally upholding this complaint in Miss K's favour and instructing HSBC to make a further compensation payment of £125 to Miss K, taking the total amount payable to £225.*

In my provisional decision letter, I gave both Miss K and HSBC the opportunity to provide any comments or new information they might wish me to consider before I moved to a final decision.

Miss K did provide further information about the amount of inconvenience and distress she'd experienced as a result of the matter in question. This included that Miss K had to open an

account with a credit reference agency and liaise with that agency to monitor the ongoing status of the credit file reporting until HSBC corrected it. Miss K also confirmed that at the time of these events, as well as being the mother of a dependent child, she was also pregnant, which further contributed to the amount of trouble and upset she experienced.

I'd like to thank Miss K for providing this further information to this service, but I feel that the further amount of £125 compensation referenced in my provisional decision, taking the total amount of compensation payable to £225, continues to represent a fair and reasonable resolution to what has taken place, even taking Miss K's further comments into account.

It follows therefore that my final decision here will be that I am upholding this complaint in Miss K's favour on the basis laid out previously in my provisional decision.

### **Putting things right**

HSBC must make a further payment of £125 to Miss K, taking the total amount of compensation payable to £225.

### **My final decision**

My final decision is that I uphold this complaint against HSBC UK Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 4 April 2022.

Paul Cooper  
**Ombudsman**