

## **The complaint**

Mr M complains about a default date recorded on his credit file by HSBC UK Bank Plc.

## **What happened**

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

*Mr M had a credit card with HSBC. In the summer of 2018 Mr M entered a Debt Management Plan (DMP) via a third party debt advice service. HSBC continued to record that Mr M's credit card was in arrears on his credit file.*

*Mr M went on to raise a complaint that HSBC had waited too long to default his account. HSBC upheld Mr M's case and agreed to amend the default date to February 2019 and pay him £75 to apologise.*

*But when Mr M later checked his credit report he found the information HSBC reported about his credit card hadn't been updated as agreed. Mr M referred his complaint to this service and it was passed to an investigator. In its file submission, HSBC confirmed it hadn't updated Mr M's credit file as promised and offered him a further £100 to apologise, taking the total award offered to £175.*

*HSBC later confirmed it had made manual updates to Mr M's credit file and his case was closed. But Mr M got back in touch after he found the default date was still being incorrectly recorded on his credit file. Mr M also said the outstanding balance wasn't being updated correctly and that his credit file showed incorrect arrears information.*

*HSBC has since told us there's a systems problem that's impacted how the default date is recorded on Mr M's credit file by the credit reference agencies. Mr M asked to appeal, so his complaint has been passed to me to make a decision.*

## **What I've provisionally 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've taken the step of issuing a provisional decision as matters have moved on since the investigator looked at Mr M's case. At the beginning of December 2021 HSBC notified us of a system defect that impacted how it reported the default date of Mr M's credit card each month.*

*I recently asked the investigator to contact HSBC and get further evidence as well as an update on whether the systems issue has been resolved. HSBC responded to say it has put an interim fix in place and is investigating the root cause of the problem in hopes of resolving it.*

*HSBC has confirmed the default date has been amended with the three credit reference agencies and Mr M has confirmed it's currently being reported correctly. I understand Mr*

*Mr M is concerned the issue may reoccur at a later point. If HSBC makes further errors in reporting the default date, Mr M may have recourse to raise his concerns again.*

*In response to the investigator's findings, Mr M told us HSBC had also incorrectly recorded arrears markers on his credit file between 2016 and 2018. I asked HSBC to send us credit card statements for the period in question and agree with Mr M that his payments were made. I went back to HSBC and asked it to confirm why missed payments were recorded during those dates and supply evidence to support its response.*

*HSBC has sent systems evidence that shows the information it reports to the credit reference agencies about Mr M's credit card. Whilst I accept there are missed payments on the screen print provided by Mr M, the systems evidence HSBC provided doesn't show it recorded arrears prior to 2018. I can see there's a discrepancy, but the information I've seen shows HSBC has reported the right payment information.*

*In response to the investigator, Mr M complained the outstanding balance wasn't updated in line with his payments. HSBC has since confirmed account balances take around a month to update. I think it's reasonable to note HSBC has to provide an update to the credit reference agencies each month. And the credit reference agencies then have to update the credit report. There's a reasonable level of administration involved and I'm satisfied what HSBC has told us is correct. In addition, Mr M hasn't told us about any negative impact he's found as a result of the way the outstanding balance is reported.*

*I can understand Mr M's frustration that despite being told the information was corrected on a number of occasions the issue reoccurred as late as December 2021. It's clear this is an important issue for Mr M and I think he should reasonably be able to rely on HSBC to record accurate information on his credit file.*

*HSBC has paid £175 so far but I'm not persuaded that fairly reflects the impact on Mr M or the length of time the issue has gone on for. As a result, I intend to increase the award by a further £175 taking the total award to £350. In my view, that is a fairer way to resolve Mr M's complaint.*

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision.

Mr M responded and provided evidence from his credit file showing how the information HSBC reported has changed over time. Mr M highlighted that whilst his default date was now showing as correct, missed payments between October 2018 and January 2019 were being reported. Mr M said the payments should be recorded to show he was in an arrangement to pay in place, not as missed.

HSBC supplied further evidence to show how it was reporting Mr M's credit card history and agreed to settle in line with the provisional 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 understand Mr M remains concerned that the information recorded on his credit file is still incorrect. But we've been back to HSBC on a number of occasions and obtained systems evidence that shows the specific information it records about Mr M's credit card with each of the main credit reference agencies. Having reviewed everything, I'm satisfied the information reported is correct.

In particular Mr M has asked why the months October 2018 to January 2019 are now showing as in arrears. Mr M says he was in an arrangement to pay at the time so they should be recorded as an "A" to reflect that. But HSBC has sent us systems evidence to show it is correctly reporting that Mr M was in a DMP in 2018 through to when his credit card was closed in February 2019 - when it defaulted. The information reported shows Mr M was making payments of £5 from September 2018 as part of a DMP and that arrears increased over the following months. That's in line with the DMP Mr M was in, the payments he was making and the date his credit card was closed and defaulted. I'm satisfied HSBC is reporting the correct information.

It might be helpful to explain that whilst very similar, a DMP and arrangement to pay aren't exactly the same. A DMP is generally arranged by a professional third party on a consumer's behalf by negotiating with their lenders. Whereas, if a consumer individually agrees with a business to make reduced payments due to financial difficulties, it's normally recorded as an arrangement to repay. Mr M was making reduced payments as part of a DMP and I'm satisfied that's being accurately reported by HSBC. I haven't been persuaded to tell HSBC to make further changes to Mr M's credit file.

For the reasons I've given above, I remain of the view that an increased settlement of £350 to reflect the distress and inconvenience caused is a fair and reasonable way to resolve Mr M's complaint.

### **My final decision**

My decision is that I uphold Mr M's complaint and direct HSBC UK Bank Plc to pay him a total of £350 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 July 2022.

Marco Manente  
**Ombudsman**