

The complaint

Ms K complained that HSBC UK Bank plc didn't close her account when she said she'd asked it to.

Miss K asked for £10,000 compensation, and for all adverse reports to be removed from her credit file.

What happened

Miss K had an HSBC student account. She said that in mid-2017, she'd asked a branch to close the account. HSBC says it has no record of this being requested.

Miss K's account had a zero balance in mid-2017 and after that there were no more transactions on the account until January 2020. Transactions then started again, so HSBC issued an account statement again on 8 January. One of these transactions was a large cheque which was paid into the account but bounced.

Miss K has since said that when she received a statement in January 2020, she rang up to dispute transactions. She said she was asked to go into a branch with identification, and said she did so on 25 January. Miss K said that she told the branch she hadn't made the transactions and she wanted the account to be closed. HSBC doesn't have a record of this visit or request.

The transactions continued, including another large cheque which was paid into the account on 12 February and which also bounced. HSBC blocked the account on 13 February, and, as it couldn't get through by phone, wrote the same day asking her to get in touch about recent activity on the account. It sent a further letter on 14 April, also asking her to get in touch. Other letters were also sent around this time, about the overdrawn state of the account.

On 23 June, Miss K wrote to HSBC. She said she'd been living away from her normal home because of the Covid pandemic lockdown and had come back and found some statements. She said she'd previously asked to close the account, and the statement also showed a cheque being paid in and withdrawn on 12 February, which she said she hadn't done. She also queried the debit balance, saying she'd repaid her overdraft and given instructions for the account to be closed. She asked HSBC to close the account.

HSBC replied that it couldn't see that she'd previously repaid the overdrawn balance and asked to close the account. It said that it had placed a block on the account on 13 February because two counterfeit cheques had been paid in and had bounced. It said it had recorded the fact that Miss K said she hadn't been aware of those. And it said that if she still wanted to close the account, she should arrange to repay the overdrawn balance, and HSBC would then close the account.

Miss K replied that she'd paid the full balance two or three years earlier, so HSBC needed to go back and look at that. She said it was only due to HSBC's incompetence that a £228.98

overdraft had built up after she'd given categorical instructions to close the account on more than one occasion. She also said that her credit rating appeared to have been affected and she expected HSBC to compensate her.

HSBC replied that although the balance had been zero for a period from June 2017, the account had then been used again from January 2020. It repeated that the balance was £228.98 and this needed to be repaid before the account could be closed.

Miss K complained to this service. She said HSBC was demanding repayment of £228.98 which was incurred solely by the imposition of illegal fees and charges after she'd reported fraudulent activity. She said she'd asked for the account to be closed in 2017, so she couldn't be held responsible for the overdraft. She wanted HSBC to stop pursuing her for the money and close the account immediately, as the overdraft was HSBC's fault for leaving the account open when she'd asked several times to close it. Miss K also said she believed her credit file had been affected and wanted £10,000 compensation.

Our investigator asked Miss K for copies of evidence to show she'd asked HSBC to close the account. Miss K couldn't provide this, and said her contacts with HSBC had all been in a branch or by phone.

Meanwhile, HSBC sent Miss K a letter on 13 June 2021. The letter said that it had contacted Miss K about her overdrawn balance, asking her to take action, but she hadn't done so. Miss K rang HSBC on 15 June and said that transactions on the account during 2020 had been fraudulent. She was transferred to HSBC's fraud team to report this. HSBC took the decision that, as a gesture of goodwill, it would refund the fees and charges and the transactions Miss K disputed. The account was then closed.

As the account and charges were no longer an issue, what our investigator considered was whether HSBC should pay Miss K any compensation for distress and inconvenience. The investigator explained that as neither Miss K nor HSBC had provided evidence that she'd previously asked to close the account, she couldn't agree that Miss K had asked in 2017 but HSBC hadn't closed it until 2021. And although Miss K had claimed that HSBC had recorded marks against her credit file, leading to a low credit score, the investigator explained that as Miss K hadn't provided supporting evidence about her credit file, it was possible the low score had been caused by other factors, not HSBC.

But the investigator said that as HSBC had received Miss K's request to close in June 2020, but hadn't done so until June 2021, it should pay Miss K £250 compensation.

Neither Miss K nor HSBC agreed.

In Miss K's reply to the view, she said she wanted £10,000 compensation. She said:

- she'd cleared the balance in 2017;
- it was because of HSBC staff incompetence that there was no record of her requests to close the account;
- she believed HSBC had only recorded her June 2020 request to close the account because she'd written to the Chief Executive;
- she asked whether HSBC had recorded having blocked the account in February 2020 and having written to her in April 2020 (which it did). She said if they hadn't been, this proved HSBC had failed to record her repeated requests to close the account;
- HSBC had damaged her credit and she insisted that it contact all credit reference agencies and take whatever steps were necessary to restore her credit rating.

In HSBC's reply to the view, it pointed out that when it received Miss K's request to close the account in June 2020, it had written to say Miss K needed to clear the debit balance first.

HSBC also said that it hadn't recorded any defaults against Miss K's credit file, and it wouldn't remove the monthly balances it had reported, because these were accurate.

As neither side agreed with the investigator's view, it was passed to me for an ombudsman's decision.

My provisional findings

I issued a provisional decision on this complaint. Before doing so, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

Requests to close the account

In my provisional decision, I noted that this service had asked Miss K to provide evidence that she'd asked HSBC to close her account both in 2017 and at other points before her letter of 23 June 2020. She wasn't able to do so. Miss K said that all her requests were made in person or by phone. But there is no evidence of these. And while Miss K is adamant, she did put her request in writing later.

I also looked at HSBC's contact notes, and there was no evidence there to show that Miss K asked to close the account prior to her 23 June 2020 letter. So I considered it was more likely than not that her 23 June letter was the first time she asked to close the account.

Timeliness of closure after Miss K's 23 June 2020 letter

I considered whether or not HSBC should have closed Miss K's account more quickly after her 23 June 2020 letter. I read the letters between HSBC and Miss K. In these, HSBC made it clear that in order to do so, Miss K would have to pay the overdrawn balance.

In my provisional decision, I also said that I'd seen nothing to show that Miss K disputed the January 2020 transactions until the phone call on 15 June 2021. HSBC had picked up on the two large cheques which had been paid into Miss K's account in early 2020 and which turned out to be fraudulent. And Miss K wrote to HSBC on 23 June 2020 about the large February 2020 cheque. But there had been other smaller transactions too. So, when Miss K asked to close the account on 23 June 2020, there were transactions on the account which she hadn't yet raised as fraudulent, leading to an overdrawn balance. In my provisional decision, I found it was fair and reasonable for HSBC to require Miss K to pay the balance outstanding, and not to close it until she did. I considered it was this which largely led to the delay in closing the account after 23 June 2020.

When Miss K did report the 2020 transactions as fraudulent, on 15 June 2021, HSBC took a business decision the same day that it wouldn't investigate all the transactions in full but would write off the fees and charges. The account was closed on 25 June 2021.

So I didn't find that HSBC delayed too long in closing Miss K's account.

Credit file

Recording that an account is using an overdraft wouldn't generally be considered "adverse" information, although it's up to lenders to decide how they interpret this. The copy of Miss K's credit file which she sent to us in November 2021 shows that HSBC reported the monthly balances on the account, as it was required to do. But it did look as if she hadn't made

payments that were due, as her credit file showed a number of markers that reflect missed payments, or arrears on the account.

Given the circumstances here, I asked HSBC whether it would be prepared to remove these records from Miss K's credit file. In my view, that would reflect consistency with HSBC's business decision that it wouldn't investigate whether or not Miss K was liable for the transactions, but would write off the balance and close the account. HSBC agreed to do this in order to settle this complaint. I thought this was a fair thing to do.

Compensation

It followed from what I've said above that I didn't consider HSBC acted incorrectly in relation to Miss K's account. So I considered it didn't need to pay her any compensation.

I said that I realised that my decision would come as a further disappointment to Miss K. She was unhappy with the £250 our investigator suggested, and now I was suggesting that HSBC didn't need to pay anything. But I hoped I had explained why this was.

Responses to my provisional decision

Miss K said she was clearly disappointed with the provisional decision. She commented on two points I'd set out in the background. She said that the reason she contacted HSBC on 15 June was in response to a letter it sent dated 13 June – it wasn't that she initiated the contact. She sent in a copy of that letter.

Miss K also said that she had disputed the early 2020 transactions before June 2021. She repeated that she'd raised them with a branch on 25 January 2020 – but as I said in my provisional decision, there's no record of that. She also said she'd done so in her letter of 23 June 2020.

Miss K also said that the fraudulent activity on her HSBC account was a direct result of her mail being intercepted. She said she'd reported this to Royal Mail, and had also reported a fraud against one of her credit cards in August 2019.

Miss K said that she was hugely disappointed that I didn't intend to award her compensation. She said she'd been forced to spend £14.99 on obtaining an external credit report, and had had to endure a considerable amount of stress, and waste of time, when she was a student. She asked that I should take these factors into account in reaching my 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've looked carefully at Miss K's response to the provisional decision.

Miss K has told us that she didn't initiate the contact in June 2021, but responded to an HSBC letter. I've amended the background facts above to reflect that, but it doesn't affect the outcome.

I recognise that Miss K maintains that she contacted HSBC about the fraudulent transactions before June 2021. As I've set out, there is no record of her going to a branch in January 2020. And her letter of June 2020 focused on the cheque, so I can see why HSBC responded to this in the way it did. In any event, as there was still an overdrawn balance, I

consider this was the major factor in the delay in closing the account after 23 June 2020. So this too doesn't affect the outcome.

In Miss K's response to the provisional decision, she drew my attention to the fact that she did not repay any of the overdraft. I've taken that on board. But that doesn't change my findings. That's because it doesn't impact the issues about when Miss K asked to close the account, the timeliness of the closure, or Miss K's credit file.

I'm sorry to hear that Miss K had had problems with her mail being intercepted. While it must have been inconvenient and frustrating, it wasn't something for which I could hold HSBC responsible or award compensation.

I also recognise that Miss K is unhappy not to receive compensation, especially when she'd asked for £10,000. But we're all inconvenienced at times in our day-to-day lives – and it's not unusual to experience a certain level of frustration and minor annoyance when dealing with financial businesses. Here, I'm not persuaded that HSBC did anything which means it should pay Miss K any compensation, nor reimburse her for the £14.99 she spent obtaining a copy of her credit report.

My final decision

My final decision is that I uphold this complaint in part:

- I order HSBC UK Bank plc to arrange for the deletion of any information it reported on Miss K's credit file as a result of this situation, in relation to the balances outstanding and any adverse information about payments being missed;
- I do not order HSBC to pay any compensation to Miss K.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 10 May 2022.

Belinda Knight
Ombudsman