

The complaint

Miss A complains about the service she received from HSBC UK Bank Plc when she requested a payment holiday extension. She says they made multiple mistakes leading to adverse information being reported on her credit file and another business reducing her credit limit.

What happened

Miss A borrowed money from HSBC by way of a personal loan. This was agreed and drawn in February 2020. Due to the financial impact on her as a result of the global pandemic, Miss A contacted HSBC in April 2020 to request a payment holiday. HSBC agreed her request deferring the repayments due in May, June and July 2020.

Around the end of June 2020, Miss A contacted HSBC again. She didn't think her financial situation was likely to improve in the short term. So, she wanted HSBC to agree an extension to the payment holiday agreed when the existing period ended in August 2020. But HSBC failed to process this request correctly and she didn't hear anything more.

Miss A contacted HSBC again in early September 2020. HSBC confirmed they would apply the extension for her repayments due in August, September and October 2020. But HSBC failed to apply the extension correctly. When Miss A spoke to HSBC again, they agreed to ensure the extension was applied and correct any adverse information reported on her credit file.

Despite this, a few days later, HSBC told Miss A her extension request had been declined. So, Miss A contacted them again. HSBC agreed to re-age her loan account to reflect the payment holiday extension and correct any resulting adverse information reported on her credit file. HSBC confirmed this in a letter and said her repayment direct debit would start again when the payment deferral extension expired.

Upon expiry of the payment deferral, the direct debit for Miss A's loan repayment wasn't processed. This resulted in arrears on Miss A's loan. Apparently, HSBC had failed to reinstate the direct debit correctly. HSBC apologised, corrected their mistake, and again agreed to remove any adverse information reported on her credit file.

Miss A then discovered that another business had decided to make a substantial reduction to her credit limit with them. Miss A said this decision had been made due to "*unspecified entries*" on her credit file. Miss A thought that this was due to HSBC's errors. So, she complained to HSBC. In the meantime, it was discovered that Miss A's credit file hadn't yet been corrected by HSBC.

HSBC did ultimately correct Miss A's credit file to ensure any adverse information they'd reported had been removed. They paid compensation of £150 to Miss A to reflect the upset and inconvenience caused by their mistakes. They couldn't agree their mistakes had led to the reduction of her credit limit with another business. But they did agree to revisit this in the event that Miss A could provide specific evidence to support that claim.

Miss A wasn't happy with HSBC's responses to her complaints. So, she referred matters to this service to investigate further. Our adjudicator agreed that HSBC had made mistakes and errors in the way they'd dealt with Miss A's request for a payment holiday extension. Our

adjudicator thought HSBC had addressed their mistakes in a fair and reasonable way but thought they should pay further compensation of £100.

HSBC accepted our adjudicator's recommendation. But Miss A remained unhappy. She wanted HSBC to increase the compensation to £998.88, this being equivalent to three monthly loan repayments. She was unhappy with how HSBC had dealt with her request and her subsequent complaints. She also said that stresses caused by HSBC's failings had impacted upon an existing health condition. Miss A remained unhappy that her credit limit with another business was still significantly reduced.

As an agreement couldn't be reached, Miss A's complaint has been passed to me to consider.

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.

The Financial Conduct Authority (FCA) issued guidance to lenders in April 2020 which explained what they expected from businesses during the exceptional circumstances arising out of the global pandemic. They provided guidance asking businesses to consider payment deferrals of up to three months under regulated credit agreements.

The FCA said their guidance applied where consumers were already experiencing or reasonably expect to experience temporary payment difficulties as a result of the pandemic. The FCA also said that *"firms should ensure that there is no negative impact on the consumer's credit file because of the payment deferral"*.

Further guidance was issued by the FCA in July 2020. This extended these measures, and where consumers were still struggling due to the global pandemic, businesses were advised to freeze or reduce their payments for a further three months.

HSBC agreed to defer Miss A's loan repayments due in May, June and July. From what I've been able to establish, there are no missed payments or arrears reported on Miss A's credit file for this period. So, HSBC appear to have complied with the FCA's guidance here.

It appears mistakes occurred following Miss A's request to extend the payment deferral period for a further three months. HSBC failed to act promptly on this request. So, when loan repayments weren't made, HSBC reported these on Miss A's credit file and wrote to her. HSBC have admitted that mistakes were made in handling Miss A's request. They've also confirmed they failed to reinstate her repayment direct debit once the payment deferral period ended. So, these aspects are not in dispute.

As I understand it, Miss A's concerns relate to the steps HSBC took to resolve their mistakes. This resulted in adverse information being recorded on Miss A's credit file. In addition, the time taken to resolve matters had caused her both distress and inconvenience. It appears Miss A had to contact HSBC on multiple occasions in order that the situation could be resolved correctly. So, I think my decision needs to reflect this.

Miss A says that a credit facility provided by another business was reduced substantially as a result of the information HSBC recorded on her credit file. Businesses and lenders do review the credit limits they provide to consumers on a regular basis. Any review will consider a wide range of factors. Different lenders use different systems and factors to decide a credit limit. So, while a lender may consider an individual's credit history, this may only be one factor. Lenders may also consider general market trends and influences and their overall exposure in a given market at any time, together with changes in their own lending policies.

Miss A hasn't provided anything to demonstrate that the decision to reduce her credit limit was solely a direct consequence of anything HSBC did. So, I can't reasonably conclude that

HSBC were ultimately responsible here. But HSBC have offered to revisit this aspect in the event that Miss A can provide evidence to support her claim. In the circumstances, I agree with HSBC's approach here.

HSBC have confirmed that steps have now been taken to remove all adverse information reported on Miss A's credit file. This was the right thing to do and I haven't seen anything to suggest this wasn't completed correctly.

HSBC have also acknowledged their failings in Miss A's case and paid compensation of £150. But given Miss A needed to contact HSBC on a number of occasions to resolve matters, I can appreciate how this would've caused further distress and inconvenience. Our adjudicator suggested that HSBC should pay an additional £100 to Miss A to reflect this. But Miss A believes that figure should be higher. In responding to our adjudicator's findings, Miss A made various comments to support her view. I want to reassure Miss A that I've carefully considered all her comments before reaching my final decision.

Compensation is a personal thing. What's seen as reasonable by one party may not be considered so by another. Miss A did experience some inconvenience. But I think the additional amount suggested by our adjudicator feels fair in all the circumstances here. I appreciate that Miss A doesn't agree. But it isn't the role of this service to make awards in order to penalise HSBC for their mistakes. Any award is considered based upon the impact HSBC's mistakes had upon Miss A. And I think our adjudicator's recommendation does that here.

My final decision

For the reasons set out above, I uphold Miss A's complaint.

I require HSBC UK Bank Plc to pay £100 to Miss A, in addition to the £150 already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 18 May 2022.

Dave Morgan
Ombudsman