

The complaint

Mr F complains HSBC UK Bank Plc (HSBC) recorded incorrect information on his credit file.

What happened

Mr F has a loan account with HSBC. In June 2020, he told HSBC he was experiencing financial difficulty due to the impact of the Covid-19 pandemic.

HSBC agreed to a three month payment deferral however due to a system error, it was only applied for June and July not August 2020. This led to arrears communication being sent to Mr F and a missed payment marker added to his credit file for August 2020.

Mr F complained. HSBC accepted an error had been made and apologised. They confirmed they had made arrangements for the credit file to be updated to remove the missed payment marker. They also agreed to pay £75 compensation for the trouble and upset caused.

Unhappy with their response, Mr F referred the complaint to our service as he didn't believe the compensation was enough. He said as a result of the adverse information on his credit file he had incurred financial losses related to his mortgage and his credit card limit was lowered by another bank.

While the complaint was at our service, HSBC agreed to pay a further £75 compensation to increase the total to £150. They said this was due to the time taken (over four months) for the account to be updated correctly to reflect the three month payment deferral.

Our investigator concluded HSBC's offer to increase the compensation was fair and reasonable. He said there was insufficient evidence to show HSBC's error had caused the financial losses as reported by Mr F.

Mr F disagreed and maintained his position. He said due to the incorrect information his credit file, he was unable to obtain a mortgage at a favourable rate which meant he had to pay around £80 more each month. He also explained the situation impacted his mental health and caused panic attacks because HSBC's collections team regularly contacted him by phone and letter about the arrears. He also wanted HSBC to confirm the interest on his credit card would remain at 0%.

As an agreement couldn't be reached, the complaint has been referred to me to decide.

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.

Having done so, I believe HSBC's revised resolution is enough to put things right, I'll explain why.

At this point, I wish to say I'm sorry to hear about the financial difficulties Mr F experienced as a result of the pandemic, I appreciate this would've been a difficult time for him and it undoubtedly caused worry.

I'm satisfied HSBC acted in line with the Financial Conduct Authority's (FCA) guidance to financial firms which outlined the immediate and temporary support to be provided to those negatively impacted by the pandemic. HSBC agreed to a three month payment deferral starting from June 2020.

Based on the FCA's guidance, any missed payments subject to the payment deferral shouldn't be recorded on an individual's credit file. However in this case, a missed payment marker was applied for August 2020. HSBC has already accepted this was an error, that isn't in dispute.

In light of the same, what remains for me to consider is whether HSBC has done enough to put things right and I find they have. I say this because although I accept there were delays in amending Mr F's credit file, it appears this has been done. There is no suggestion the missing payment marker for August 2020 is still reporting.

I've thought about Mr F's comments about what he considers to be the financial losses as a result of the situation. However similar to the investigator, I'm not persuaded I have sufficient evidence for me to reasonably say that's what happened here and Mr F should be compensated.

In order to award compensation for financial losses, I must be satisfied such losses were a direct result of the business' failing. Here, that would mean I would need to be satisfied had it not been for HSBC reporting a missed payment in August 2020 on Mr F's credit file, he would've obtained a mortgage deal on more favourable terms and his credit card limit wouldn't have been reduced.

While I accept Mr F's credit score is likely to have been impacted, I can't say with any certainty that was the only reason for what happened. For example, I haven't seen any evidence to show he could've been offered a mortgage at a better rate had it not been for this situation. The decision to lend, is a commercial one made by a financial business and while an individual's credit score will be a consideration, there are many other factors that are taken into account. On this basis, I don't find it would be fair to say HSBC should compensate him for this.

That said, I can't ignore what's happened and the impact it's had on Mr F. He's explained the situation has impacted his mental health and caused worry because he was contacted on numerous occasions by HSBC's collection team about bringing the account up to date. I can understand why this caused Mr F upset. I also note he first reported this issue in August 2020 but arrangements to amend the credit file weren't made until January 2021, which is over four months later. Given these circumstances, I consider HSBC's offer to pay a further £75 compensation to bring the total to £150 is fair. I won't be asking them to pay any more.

Lastly, I'm aware Mr F wants confirmation from HSBC that his credit card would remain at 0% interest. However that isn't subject to this complaint and the decision to lend and on what terms is a commercial one made by HSBC. Generally speaking, that's not something our service would interfere with unless there was cause for concern.

Taking everything into account, it's clear there was a failing by HSBC. However I consider their actions to amend the credit file and to pay a total of £150 compensation is a fair remedy.

My final decision

For the reasons set out above, I've decided to uphold Mr F's complaint.

To put things right, HSBC UK Bank Plc should pay a further £75 compensation to Mr F for the trouble and upset caused (£150 compensation in total).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 31 August 2022.

Simona Charles
Ombudsman