

The complaint

Mr B complains that HSBC UK Bank Plc has incorrectly spelled his name when reporting his accounts to the credit referencing agencies ("CRAs").

What happened

Mr B says that HSBC has been incorrectly reporting his name to CRAs, and this has caused his financial details to be incorrect on his credit report, as not all of his accounts were correctly showing. He says this has led to him being unable to obtain a mortgage and having to rent instead, which he feels is losing him money every month.

HSBC initially apologised and let him know they would urgently update their system to the correct name. And they offered Mr B £2,000 compensation for the distress and inconvenience the issue had caused him. However, after further investigation HSBC then said that they had not incorrectly spelt his name. Instead they had minimized the number of characters in his name when reporting his accounts and that they were following the layout specifications for names that the CRA set out, so did not feel they were making an error and they rescinded his offer.

They explained that they only send the first four characters of title, first ten characters of forename, first initial of up to two middle names and the first nineteen characters of surname. However, as Mr B's name contained more letters, none of his names were reported in full. Mr B feels this led to his financial data not appearing on his credit file.

We initially did not uphold the complaint as the Investigator felt HSBC was following guidance set up by the CRAs. However, Mr B provided communications he'd had with the CRA who confirmed that while they do limit the number of characters that can appear in a name to 39, it is HSBC who has chosen to limit that further which has caused Mr B issues. Mr B also highlighted that the CRA guidance states a title, full forename, middle initial and surname are mandatory, so HSBC has not followed the guidance.

Our Investigator issued a second view partially upholding the complaint. They recommend that HSBC reinstate the offer of £2,000 compensation but they did not agree that there was enough evidence to show the issues Mr B had obtaining a mortgage were solely due to HSBC's error reporting his name. HSBC agreed to the offer of £2,000 compensation.

Mr B disagreed with the outcome and felt it was clear HSBC's error was the only reason he was declined a mortgage in principle. He felt an offer of £120,000 was reasonable as this would cover rental payments he has had to pay since the mortgage in principle was declined, expenses relating to the complaint, losses due to house price increases and loss of earning due to stress.

As an informal agreement could not be reached, the complaint has been passed to me 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.

Having done so, I think it's more likely HSBC's systems have contributed to Mr B's account not appearing on his credit file and that they could have acted quicker to help him once he made them aware of this. I'll explain why in more detail.

The CRA set a restriction on the number of characters financial institutions could use when reporting a name. This totalled 39 characters over the title, first name, middle name and last name.

HSBC then made an internal decision to set further restrictions within their systems across the title, first name, middle name and last name for consistency. And it's likely this works for the majority of their customers, however this does not work for Mr B. As mentioned previously, HSBC's restrictions are: first four characters of title, first ten characters of forename, first initial of up to two middle names and the first nineteen characters of surname. However, Mr B's first name has more than ten characters and his last name has more than nineteen. Because of this, neither his first nor his last name were fully reported which Mr B says is why his HSBC accounts did not appear on his credit file.

While I think it is reasonable for a business to set up their systems with consistency in mind, I'm conscious that Mr B is not the only individual who will be affected by this restriction that HSBC has imposed. HSBC has acknowledged this and confirmed they are complying with the reporting requirements of the CRA and that even if an individual does not have a full name reported, there are additional techniques within the CRA's systems that should help identify a customer's account and allow them to appear on a consumer's credit file.

While I appreciate that HSBC's system had automated how they report Mr B's name to CRAs, once he informed them that this was not working for his personal circumstances, I think HSBC could have done more to help him. It should be noted that even without HSBC's restrictions, Mr B's full name and title were longer than the CRA's allowance for names. One suggestion was to allow part of Mr B's name to appear in the first line of the address section, but I don't think this is a sensible solution as it could cause further confusion.

I note that Mr B informed HSBC a third-party bank had successfully worked around the issue by abbreviating the first of his last names to the first initial, which would allow them to include his full first name and the second last name in full. However, HSBC did not agree to follow the same workaround, it's unclear if this is because their system would not allow the first name to be reported in full. I have to consider that HSBC were made aware that their self-imposed restrictions were causing Mr B's accounts not to appear on his credit file, and they were informed that another bank had been able to successfully work around the issue, but they did not take steps to assist Mr B further.

I can see that the CRA were able to fix the issue in July 2021 by pinning his missing accounts to the end of his credit file. While this is not an ideal solution, it does appear to fix Mr B's issue of his HSBC accounts not being visible on his credit file.

I accept that HSBC does not think their automated systems have caused his HSBC accounts to not appear on his credit file, as they say other identifiers would have also been used to find his accounts and add them to his credit file. Despite this, the offer of £2,000 compensation as a gesture of goodwill is still available to Mr B. It's not possible for me to

know exactly why Mr B's HSBC account did not appear on his credit file. But considering that he had the same issue with a third-party bank, which was then fixed when they amended his name, it seems more likely the truncated name was part of the issue.

On balance, I think the gesture of goodwill of £2,000 is fair in the circumstances and takes into consideration the amount of time Mr B spent dealing with this issue. I've also considered that Mr B was trying to obtain a mortgage while this issue was ongoing, which is already a stressful process, so the issues he then had with his credit file would have been particularly distressing. And I think the £2,000 gesture of goodwill reflects this.

I've gone on to consider Mr B's request for additional losses he has incurred as a result of having to rent and being unable to take out a mortgage as he has mentioned that house prices have now risen. In order for me to consider losses in connection with this, I have to be satisfied that HSBC reporting his name was the only factor that led to his mortgage in principle being declined by the lender. I appreciate that Mr B feels strongly that it is clear this is the case, but there are a number of different factors that can affect an individual's ability to obtain a mortgage.

Ultimately, I have not seen enough evidence to conclude it's more likely the perceived error made by HSBC is the *only* factor that led to Mr B being unable to obtain a mortgage. There's no evidence from the lenders showing what their lending criteria was and that the absence of Mr B's HSBC accounts on his credit file alone is what caused the application for a mortgage in principle to be declined or that an application would have been successful had they appeared on his credit file at the time. While I understand to Mr B the cause of the rejected mortgage in principle seems simple, it can actually be a complicated subject. And as explained previously I'm not satisfied on the balance of probabilities that it's more likely than not Mr B would've gotten a mortgage in principle, but for the missing information on his credit file.

It follows that I therefore cannot consider any losses Mr B is claiming in connection to the rejected mortgage in principle application and the health issues Mr B has attributed to this. I know this will be a disappointment to Mr B, but I hope this outcome will bring closure to the situation for him.

My final decision

I uphold this complaint in part and direct HSBC UK Bank Plc to pay Mr B £2,000 which they have offered as a gesture of goodwill.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 April 2023.

Rebecca Norris

Ombudsman