

## **The complaint**

Mr R complains that HSBC UK Bank Plc restricted and closed his account without notice. They also recorded negative information on his credit file and he'd like this removed.

## **What happened**

Mr R had an account with HSBC. On 18 November 2020 HSBC restricted Mr R's access to his account. And after review they closed his account without notice on 21 January 2021. Mr R was above his credit limit at the time of the account restriction by £29.79, and in total owed HSBC just over £1,000. And from 13 November 2020 onwards HSBC reported negative information to Mr R's credit file regarding this.

Mr R made contact with HSBC in November 2020 regarding the account restriction and asked how to make payment towards his debt – but HSBC advised this wasn't possible. On 27 January 2021 Mr R made a further attempt to repay his balance. But, HSBC advised Mr R that he could only make payments in branch. Mr R says he was unable to do so because of the pandemic, and only after being offered an alternative method of payment on 9 April 2021 was he able to clear the balance. Which he did on 12 April 2021.

Mr R brought his complaint to our service.

One of our investigators looked into his complaint, but they didn't think HSBC needed to do anything further. Overall, they thought the bank acted fairly in restricting and closing his account without notice.

Mr R didn't agree. In response he said he understood HSBC's reasons for closing his account, but he didn't think it was fair they'd recorded negative information about him on his credit file. As he wasn't able to make payments until January 2021 and that was in branch during the pandemic.

As Mr R didn't accept our investigator's thoughts it's been passed to me to decide.

On picking up Mr R's complaint I asked HSBC some further questions about his overdraft and whether he could make repayments during from November 2020 to April 2021. And having done so I explained to HSBC I didn't think they'd acted fairly in preventing Mr R making payments and then only allowing payments in branch. I thought they should pay £100 compensation and remove the negative information recorded against Mr R. HSBC didn't reply.

I issued my provisional decision on 28 September 2022 which outlined the above, and gave both parties two weeks' to reply. Neither Mr R or HSBC responded to my provisional decision so I've reviewed my conclusions below.

## **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.

In my provisional decision I said:

#### *Account restriction and closure*

*I've considered Mr R's account restriction and closure first. And I'm satisfied HSBC followed the terms and conditions of Mr R's account when restricting it and choosing to carry out an immediate closure. However, looking at the evidence HSBC had I think the review should have been completed much sooner - and Mr R's account closed within 30 days of the review. Rather than over 60 days. I've considered the impact on Mr R from this, and as he didn't have any funds in the account I'm satisfied he wasn't caused any significant detriment - so I won't be asking HSBC to compensate him for this.*

#### *Mr R's credit file*

*I've moved on to consider the reporting of the negative information on Mr R's credit file. I appreciate that Mr R was over his overdraft limit by £29.79. And it was reasonable for HSBC to ask Mr R to pay this. However, between 18 November 2020 and January 2021 Mr R wasn't able to make payments to clear the overdraft. Mr R was then advised of the opportunity to make payments in branch – but this was during the pandemic. Mr R didn't then make any further contact with HSBC, or attempt to pay the overdraft until April 2021.*

*But, in the circumstances of the pandemic, and Mr R being advised the only way for him to pay was via his local branch, I understand his concerns. And I don't think HSBC's reasons for failing to provide an alternative method of payment, which they did on 9 April 2021, were fair. I can see that Mr R cleared the debt in full on 12 April 2021, which leads me to conclude he would have likely done so sooner if he'd been given the opportunity.*

*In summary, I'm not satisfied the negative information HSBC recorded against Mr R for being over his overdraft limit between November 2020 and April 2021 is fair. When considering he wasn't able to make payments, and then only via an option not suitable due to the pandemic. I think the anxiety caused by debt repayment letters and the worry of negative information on his credit file caused Mr R some distress, and £100 is appropriate compensation for this.*

As neither party responded to my provisional decision I see no reason to change my conclusions.

#### **Putting things right**

As I've outlined above I don't think HSBC should have recorded negative against Mr R for being over his overdraft limit. And this caused him anxiety. I think £100 compensation is fair redress for this.

#### **My final decision**

My final decision is I direct HSBC UK Bank Plc to:

- Remove any negative information recorded on Mr R's credit file
- Pay Mr R £100 compensation for the distress caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 December 2022.

Jeff Burch  
**Ombudsman**