

The complaint

Mr B complains that HSBC UK Bank Plc harassed him for payments for his credit card despite agreeing a Debt Consolidation Loan.

What happened

Mr B had a credit card with HSBC that fell into arrears. In June 2021 Mr B spoke with HSBC about the arrears and it agreed a Debt Consolidation Loan (DCL) to repay the outstanding balance of the credit card. The DCL required Mr B to make qualifying payments for two months before it was put in place. Mr B went on to make the qualifying payments in July and August 2021.

Despite making the qualifying payments, HSBC didn't make arrangements to put the DCL in place. Mr B continued to receive arrears correspondence and contact from HSBC. In the months that followed, Mr B made payments on time but continued to receive contact from HSBC. When Mr B spoke with HSBC he advised the DCL paperwork hadn't been received.

Mr B complained to HSBC and it issued a final response on 22 December 2021. HSBC confirmed Mr B had made six qualifying payments. HSBC said its Financial Support Team would contact Mr B to arrange a new DCL that took the repayments he'd made since the summer into account. HSBC paid Mr B £100 to apologise and said it would remove any adverse information from his credit file following the second qualifying payment made. But HSBC continued to report arrears on Mr B's credit file in relation to the credit card.

Mr B complained again following delays in setting up the DCL after he spoke with the Financial Support Team. On 28 February 2021 HSBC issued another final response. HSBC said the new DCL had now been set up and that there was a credit of £131.53 on account. HSBC arranged a refund of the overpayment. HSBC also said it would ensure all adverse information recorded on Mr B's credit file from September 2021 would be removed and paid him a further £75 for the distress and inconvenience caused.

The DCL was set up, but Mr B's provided evidence from his credit file that HSBC continued to record adverse information. Mr B referred his case to this service and it was passed to an investigator. The investigator upheld Mr B's complaint and said HSBC had failed to amend his credit file as promised. The investigator also thought HSBC had caused an unreasonable level of distress and inconvenience in terms of the level and nature of its contact with Mr B over a sustained period. The investigator upheld Mr B's complaint and asked HSBC to pay him a further £300 for the distress and inconvenience caused. The investigator also said HSBC should take steps to amend Mr B's credit file.

Our investigator recently confirmed the amount of compensation awarded. We didn't get a response from HSBC accepting their recommendations, so Mr B's complaint has been passed to me to make a 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 been reasonably brief in setting out the background above as all parties broadly agree about the timeline for Mr B's case. I can see his credit card was in arrears and that HSBC approved a DCL that should've come into effect in September 2021. Mr B's told us the paperwork wasn't received and that he continued to maintain payments to his credit card as agreed. I can also see Mr B was in regular contact with HSBC after receiving arrears correspondence. And I can see adverse information has been recorded on Mr B's credit file over a sustained period, despite HSBC's agreement it would be deleted.

Mr B's explained that the level and nature of HSBC's contact has caused him a lot of frustration and upset. I'm satisfied Mr B made payments as agreed and was willing to work with HSBC to put the DCL in place and clear his balance. I agree with Mr B that receiving the arrears letters and contact caused an unnecessary level of distress and inconvenience that went on for a long time. I'm satisfied the issues raised have caused Mr B a significant level of trouble and upset.

We asked HSBC about the information recorded on Mr B's credit file. It's told us no adverse information is currently being reported from September 2021 onwards. But HSBC's confirmed an arrangement marker has been included on Mr B's credit file up to January 2022. I'm not persuaded that's fair. Whilst Mr B was in an arrangement at the time, it was on the basis that his DCL would be put in place from September 2021. I haven't seen persuasive evidence that shows Mr B was the reason for the delay in putting the DCL in place. So I'm not persuaded it's fair for HSBC to record information about an ongoing arrangement beyond September 2021. I agree with the investigator that HSBC should amend Mr B's credit file accordingly.

HSBC's paid Mr B £175 when responding to his complaint. I agree with the investigator that the compensation offered doesn't reflect how the issues raised impacted Mr B. In my view, a further payment of £300, taking the total award to £475, is a fairer reflection of the level of distress and inconvenience caused to Mr B. As a result, I'm going to proceed on that basis and uphold Mr B's complaint

My final decision

My decision is that I uphold Mr B's complaint and direct HSBC UK Bank Plc to settle as follows:

- Ensure no adverse information (including the payment arrangement) is recorded on Mr B's credit file in relation to the credit card from September 2021 onwards
- Pay Mr B a further £300 (taking the total award to £475) for the distress and inconvenience caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 April 2023.

Marco Manente
Ombudsman