

The complaint

Mr P complains that HSBC UK Bank Plc unfairly registered a default on his credit file.

What happened

Mr P says he owed HSBC a debt of about £8,000 and spoke to it in around May 2022 about the debt. He says he spoke to HSBC again but was told it would not agree to a repayment plan and it registered a default on his credit file. Mr P then found out the reason for that decision was due to a mistake HSBC made in calculating his expenditure. He says he made a number of telephone calls to HSBC about the problem and was caused distress as well as inconvenience. Mr P says having a default on a credit file even if it's removed has a significant impact and the mistake affected his health.

HSBC accept it made a mistake and says it's offered a total of £200 compensation. It says it has agreed a new plan with Mr P and has removed the default from his credit file.

Mr P brought his complaint to us, and our investigator upheld it and thought HSBC should pay a total of £300 compensation.

Mr P doesn't accept that view and says HSBC offered him £100 compensation for the inconvenience and problems in calling it from abroad. He says the compensation isn't enough but can't provide his credit file due to living abroad.

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 have come to the overall view that HSBC should pay Mr P a total of £300 compensation. I appreciate Mr P will be disappointed by my decision.

There is no question here that HSBC made a mistake and there is no need for me to repeat in detail what took place. I accept that HSBC ought to have calculated Mr P's expenditure appropriately but didn't do so which resulted in a default being registered on his credit file. I also accept that having a default on a credit file can be significant and cause problems in obtaining credit for example. But I have to consider what did happen and make clear that I have not seen any evidence of the default causing specific problems such as a credit card application being refused for example. I can see that HSBC says the default has been removed and I don't think there should be any ongoing impact caused by its removal.

I have no doubt Mr P was caused distress and inconvenience when he realised what had taken place. I accept he made a number of calls to HSBC and spent time sorting out the problem and arranging the new plan. I can see HSBC has apologised for what took place and has fairly removed the default.

The only issue for me to consider is the compensation level. I can't see any evidence Mr P suffered any financial loss as a result of the mistake save any telephone call costs. And I

think the mistake was corrected in a matter of months. I have made clear I have not seen evidence of any direct impact of the mistake such as an increased credit rate being offered or refused credit applications.

I appreciate Mr P has been unable to provide his credit file but think it likely that his credit score would have been affected by previous missed payments and the long-term repayment plan in any event. I am sure Mr P appreciates it is impossible to measure the exact impact a mistake like this has on a credit file, but I have to largely look at any actual impact.

Overall, I'm satisfied that HSBC should pay a total of £300 compensation which I think is fair and reasonable and fairly takes into account what I consider the impact on Mr P to be. I think that amount also fairly considers any call costs and related inconvenience Mr P was caused in speaking to HSBC from a different country.

Putting things right

HSBC should pay Mr P a total of £300 compensation. I can see it has paid £100 to date but it's not clear if the further £100 it offered has been paid. HSBC should deduct any payments already made from the £300 compensation I intend to order.

My final decision

My final decision is that I uphold this complaint in part and order HSBC UK Bank Plc to pay Mr P a total of £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 June 2023.

David Singh
Ombudsman