

The complaint

Mrs K complains that HSBC UK Bank Plc have made a number of large errors which have impacted her, including them not sending her a new credit card and providing her with poor customer service.

What happened

Mrs K says that she gave her credit card details to a company, but upon reflection, she was unhappy with the country of origin of the company, so she immediately telephoned HSBC and instructed them to cancel her credit card. She also instructed them to cancel her internet banking as a precautionary measure. Mrs K said about three months later, she telephoned HSBC to order a new credit card and it was agreed her card would be sent to a specified branch, and she would receive a text when the card was ready to collect. Mrs K also says the call handler did not make her aware, despite a lengthy call, that she had an outstanding balance on her credit card. As Mrs K did not receive a text from HSBC, she visited the specified branch, but she was told no card had been ordered and she had an outstanding balance of £1,803.62.

Mrs K says the staff told her when she cancelled her credit card originally, the direct debit was also cancelled without her knowledge, and she hadn't been made aware of this. Mrs K was also told she had adverse markers on her credit file due to missed payments. She said she had made numerous lengthy calls to HSBC, being passed around different departments. Mrs K made a complaint to HSBC.

HSBC upheld Mrs K's complaint. They apologised that her direct debit was cancelled as a result of their error and requested that all missed payments between December and January to be removed from her credit file. They said they would issue her a new credit card with an agreed credit limit of £2,000, which would have a new Personal Identification Number (PIN) and could take a month to arrive. HSBC paid Mrs K £30 compensation and later £300 to her bank account as an apology. Mrs K spoke to the complaint handler on the phone and a further £50 compensation was agreed on the basis HSBC would carry out the actions in line with the timeframes stated in their response. Mrs K brought her complaint to our service.

Our investigator said HSBC accepted they made errors in Mrs K's case. They acknowledged they cancelled her direct debit and her credit card, and her credit file was affected. They also accept that she didn't receive a replacement card. She said in HSBC's communication to us, they offered to provide a further £100 compensation to Mrs K and to order her a replacement card. Our investigator said HSBC have provided us evidence that they have removed all adverse information from Mrs K's credit file. She recommended HSBC pay Mrs K an extra £100.

Mrs K asked for an ombudsman to review her complaint. She provided us with an impact statement, and she told us her personal circumstances and why this has had such an impact on her at her age. She said she has waited for a new credit card for 18 months since HSBC said they were going to send her one, which has had a major negative impact on her life, and she still hasn't received the card, so she doesn't feel an extra £100 is reflective of nothing changing in the last 18 months, since HSBC said they were going to rectify things.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs K has made a number of points to this service and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I do want to start off by reassuring Mrs K that I've read everything she's sent us, and I've taken this into consideration, including her personal circumstances. But I won't document her exact situation in this decision. This is purely only to protect Mrs K's identity here. But I have based my decision on her individual circumstances here.

It's clear to me that HSBC have let Mrs K down a number of times with what has happened after she asked them to cancel her credit card over fraud concerns. While the card was cancelled, HSBC also cancelled the direct debit which they shouldn't have done, and as a result of this, it affected Mrs K's credit file. HSBC have confirmed they have rectified this. I asked Mrs K for her credit file to see if this had been rectified as I know she had concerns incorrect information was still on her file, but she has confirmed to me that she doesn't wish to complain about her credit file being incorrect now as HSBC have said they have amended this. But this still would have had an impact on Mrs K. My understanding is that she has always made her repayments on time, so her credit file being affected would have been distressing for her.

It also appears that HSBC have let Mrs K down with the customer service they provided her on the phone. Mrs K has told us about the numerous lengthy calls she's had with HSBC trying to sort things out but to no avail. So not only would it inconvenience her being on multiple calls for a prolonged period of time, but nobody seemed to be able to take ownership of the situation to resolve the issues for Mrs K as she still hasn't been sent a replacement credit card.

HSBC wrote to Mrs K on 24 March 2022. On this letter it said "We will issue a new Rewards Card to you also with an agreed limit of £2000.00. This will have a new PIN and could take 1 month to arrive unfortunately". But Mrs K has told us that she has still not received the replacement card. I know from Mrs K's impact statement how distressing she has found this, especially during life changing events which would already be stressful. Not having a credit card during this period of time would only amplify the distress she has bound to have experienced here.

So I've considered what would be a fair outcome for this complaint. HSBC should order Mrs K a replacement credit card as they said they would in March 2022. And I don't envisage HSBC being unable to do this given they said they would be able to do this when they sent us their business file. I have considered what compensation would be fair here. I've noted the strength of feeling that Mrs K has about an extra £100 compensation not being proportionate for the impact of not having a credit card for the last 18 months. I must explain to Mrs K that when our service looks at compensation, we would not apportion a certain amount to certain errors at certain times of her complaint. We would look at the events as a whole.

Mrs K has received £380 compensation so far for what has happened. But I'm not persuaded that this is sufficient compensation for the distress and inconvenience she has suffered with everything that has happened here. HSBC have offered another £100 compensation, but I'm not persuaded that this truly reflects the impact of what happened to

Mrs K based on her individual circumstances.

I say this because HSBC have made a number of large errors which have caused considerable distress, upset, and worry over several months for Mrs K. The errors have also caused significant inconvenience to Mrs K who has needed to contact HSBC to try and rectify the situation, but she has still not managed to get a new replacement credit card. HSBC did not action everything they said they would do, which would cause Mrs K further distress, such as reissuing the credit card. This has meant Mrs K has had to rely on other people to assist her with purchases and she's told us what has happened here has eradicated her confidence to deal with her financial affairs, especially during a period of her life where she really needed the card and the protection it afforded her.

I'm persuaded that a fair outcome for this complaint is for HSBC to pay Mrs K a further £220 compensation so the total compensation totals £600. This is in line with our awards for what happened here, from the cancelling of the direct debit, and not telling her about this, to the impact of her credit file showing adverse information, to her not being sent a new card, to being told HSBC would send her a new card and she would receive it in a month, only to be still waiting for a replacement card almost 18 months after this letter. So I intend to ask HSBC to put things right for Mrs K."

I invited both parties to let me have any further submissions before I reached a final decision. Mrs K said she was disappointed at the amount offered, and she asked if I would consider increasing the amount of compensation. She said that during the time without the credit card she had to make an inordinate amount of cash withdrawals to pay for items for her home, and she had serious concerns she would be followed carrying large amounts of cash or be mugged by someone watching her withdraw the cash. She also had concerns that once her complaint is closed, she still won't get the replacement credit card.

HSBC responded to the provisional decision, and they said that the provisional decision mentions a time period of 18 months that Mrs K has been without her credit card, but they wanted to highlight that not all delays have been due to actions made by themselves. They said the complaint to our service was originally brought in August 2022, but not submitted to them until February 2023, in addition, Mrs K chose not to accept a previously made offer to increase the compensation and send her a new replacement credit card.

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 considered what Mrs K has said about the level of compensation and that she is disappointed in the amount of compensation offered. I must make it clear to Mrs K that our awards are not designed to punish a business. I have taken into account her individual specific circumstances during the course of the events that transpired, and it is because of these specific individual circumstances that I increased the compensation, which I may not have done if the same events occurred to someone who had different individual circumstances to Mrs K, and they weren't impacted as much as her by what happened. So I'm satisfied the compensation is fair and reasonable based on Mrs K's circumstances.

Mrs K has expressed concerns that she still won't receive her replacement credit card even after the final decision is issued. But Mrs K should rest assured that if she accepts the final decision, then this would be legally binding, so HSBC would be obliged to send out the replacement credit card.

I've considered what HSBC have said about the delays. And while it's true it is out of their

control how long our process would take, as I mentioned in my provisional decision *“HSBC wrote to Mrs K on 24 March 2022. On this letter it said “We will issue a new Rewards Card to you also with an agreed limit of £2000.00. This will have a new PIN and could take 1 month to arrive unfortunately”*. So the replacement credit card should have realistically taken no later than 24 April 2022 to arrive. But even when we submitted the complaint to them in February 2023, they hadn’t sent Mrs K the replacement credit card, nearly a year after the letter they sent her.

The offer HSBC referred to was made in March 2023. I must make it clear that Mrs K only rejected the compensation. I’ve found her to be clear throughout this process that her main issue is getting a replacement credit card. It is for this reason and the impact the events have had on her, that she has been steadfast in the need to receive a higher amount of compensation – not to reject the replacement credit card.

So although HSBC may not be responsible for the full 18 months Mrs K has been without a replacement credit card, I’m persuaded they were responsible for Mrs K being without a replacement credit card for the majority of this time.

I have reconsidered the amount of compensation against our guidelines. I suggested £600 total compensation (less what Mrs K has already been paid) in my provisional decision. Our website shows that £600 might be fair when the impact of a mistake has caused considerable distress, upset and worry. I’m satisfied that this applies here. The website goes on to say typically, the impact lasts over many weeks or months. So even before Mrs K brought her complaint to our service originally, it had been many months since they hadn’t sent her the replacement credit card. So I’m satisfied that a total of £600 compensation is still fair and reasonable for the reasons I set out in my provisional decision.

Putting things right

In my provisional decision I said I intend to uphold this complaint. I said I intend to ask HSBC UK Bank Plc to order Mrs K a new replacement credit card and to pay her an extra £220 compensation (to total £600) for distress and inconvenience. I’m still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint. HSBC UK Bank Plc should order Mrs K a new replacement credit card and pay her an extra £220 compensation (to total £600) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs K to accept or reject my decision before 1 November 2023.

Gregory Sloanes
Ombudsman