

The complaint

Mr J complains that HSBC UK Bank Plc didn't update his credit file when it said it would which delayed him applying for a mortgage.

What happened

Mr J had a loan with HSBC which he repaid early. He says that he couldn't apply for a mortgage until his credit file had been updated to reflect the loan being repaid and that HSBC told him this would happen on 15 August. However, this didn't happen and when Mr J called HSBC, he was told that it couldn't tell him when his credit file would be updated. He wanted his credit file updated and compensation for the incorrect information he was given.

HSBC issued a final response letter dated 29 August 2023. It said that it had advised Mr J that the usual timescale for reporting loan closures could be up to eight weeks and that it had offered to send a letter confirming the loan was closed but this wasn't a suitable option for him. Contact was made with HSBC's Credit Reference Agencies liaison team to see if there was anything more that could be done but it was confirmed that the eight-week timescale wasn't something it could improve on.

Mr J wasn't satisfied with HSBC's response and referred his complaint to this service.

Our investigator didn't uphold this complaint. He said that Mr J's credit report was updated eight weeks after the loan was settled and this was in line with what had been confirmed. He did accept that advice given to Mr J on 10 August could have been clearer but didn't think compensation was required because of this.

Mr J didn't agree with our investigator's view. He said that while an offer of a letter saying the loan had been closed was made this wouldn't have helped him. Therefore, he made several attempts with both HSBC and the credit reference agencies to get his credit file updated so he could re-apply for the mortgage. He says he was given incorrect information which caused a lot of stress as well as him incurring costs signing up to credit reference agencies. He said that his credit file was updated on 1 October 2023 which was eight weeks and five days after he had settled the loan.

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 can understand why Mr J is frustrated by the experience he had after he settled his loan. He has explained that he was applying for a mortgage at the time, and he needed his credit file to reflect the loan having been repaid as his application wouldn't be successful until this had happened. But, for me to uphold this complaint I would need to be satisfied that HSBC had done something wrong or not treated Mr J fairly when updating the information on his credit file.

I have looked at the information provided and can see that Mr J settled his loan on 1 August

2023. We have asked HSBC to provide details of the updates being sent to the credit reference agencies. I haven't seen the correspondence sent by HSBC, but it has confirmed that this is an automated process which is carried out on a monthly basis and that changes to credit files can take eight weeks.

HSBC has said that Mr J's credit file was updated around the end of September and Mr J has said this happened on 1 October. I note that the credit file updating on 1 October would mean the process took slightly longer than eight weeks. But, based on what I have seen, I do not find that I have anything to suggest that HSBC didn't follow its usual process in this case and so I do not find I can say it did something wrong or treated Mr J unfairly regarding the updating of his credit file.

I have considered the service that HSBC provided when Mr J contacted it about his credit file being updated. I can see the adviser contacted the internal team to ask whether the update could happen sooner than eight weeks but they were told that it couldn't do anything regarding this. While I appreciate this would have been disappointing to Mr J I find that the adviser did try to assist him. I also note that HSBC offered to provide Mr J with a letter confirming the loan had been repaid. I understand this didn't solve the issue Mr J was facing but I find that HSBC was trying to find an alternative way to assist Mr J given the timing of the credit file update.

I do find however that HSBC could have provided Mr J with better service on the call on 10 August 2023. On this call, Mr J was told it could take up to eight weeks for his credit file to be updated. However, he is then told that the update takes place on the 15th of the month and so he should check his credit file on 16 August. The adviser did note that the update is with the previous month's information, but I can appreciate that the information provided could have caused confusion about when the update would occur. HSBC has said that it will provide feedback to the adviser and in this case, I think this is reasonable. I say this because the adviser had made it clear the update could take up to eight weeks. Therefore, I find that Mr J was made aware it would take up to eight weeks for the information to be updated and I cannot say that had the information been clearer on the call on 10 August 2023, this would have changed the outcome for Mr J.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 7 March 2024.

Jane Archer
Ombudsman