

## **The complaint**

Miss E is unhappy that HSBC UK Bank Plc declined her credit card application unfairly, leaving searches on her credit report.

## **What happened**

In August 2022 Miss E applied for a credit card with HSBC. After they declined her application, Miss E enquired as to why. She was initially told it was in relation to her credit rating and later that it was because her employment status was recorded as unknown.

HSBC accepted this was an error on their part as Miss E had provided these details when she opened her bank account. They apologised, updated their records to reflect her current employment status, arranged for the hard searches in relation to the application to be removed and credited her account with £250.

As the hard search hadn't been removed, in March 2023 Miss E complained again to HSBC. They further apologised and sent a further request for the hard search to be removed. They also credited Miss E's account with a further £350.

Miss E referred her concerns to this service. Our investigator was satisfied that HSBC had sent a further request for the hard search to be removed and felt the £600 they had paid in compensation was fair and reasonable in the circumstances. Remaining unhappy, Miss E asked for an ombudsman's decision.

In September 2023 I issued a provisional decision. It said:

### ***What I've provisionally decided – and why***

*After requesting evidence of the hard search removal requests, HSBC have confirmed the requests that were sent to credit reference agencies (CRA) prior to March 2023 weren't carried out correctly. However, they've provided evidence that shows they requested removal from three well known CRAs in March 2023 and May 2023 and having received an unsuccessful notice from one CRA they also chased them in April and July 2023.*

*So between August 2022 and March 2023 Miss E's credit file wasn't updated as HSBC hadn't properly arranged for the removal to take place. They've acknowledged their mistakes and already paid £600 in compensation. They've also paid an additional £100 and then offered a further £150 bringing the total compensation to £850.*

*Since Miss E's further complaint to HSBC in March this year, it has taken around a further six months for confirmation the searches are to be removed by one CRA after she contacted them directly to expedite the process. I'm aware this has been a particularly tough time for Miss E as she had intended to apply for further credit in relation to a large purchase of a personal nature.*

*Miss E has explained the impact HSBC's initial error has had, such as lack of access to financial products through concern she would be declined and further impact her credit rating. Whilst I fully understand Miss E's concern, as too many credit applications in a short space of time may be a cause for financial concern to some providers, I'm not aware she had applied for further credit elsewhere and been declined so I can't say for sure that would've been the case.*

*However, it has taken a long time for her to receive confirmation that the searches have been removed and it has also taken some of her time to ensure this has been done. It's unfortunate it has taken so long to rectify matters and part of this was in HSBC's control. But I'm satisfied after the complaint raised in March 2023, they had requested removal and have chased this up.*

*HSBC rely on the CRAs to act on their requests, in this case for removal of the hard search. One CRA declined the initial request and so they further chased this.*

*I think it is fair to say the service wasn't what it should have been, HSBC have accepted this throughout the delay in removing the searches and by payments of compensation. But Miss E doesn't feel it fully compensates her for the time it has taken overall to put things right and the extra work it has created for her to ensure things were put right.*

*Whilst I don't underestimate the additional distress and inconvenience this has caused Miss E, I think the £700 already paid plus the additional £150 offered is fair and reasonable in the circumstances. As explained, we don't know for sure Miss E was unable to obtain further credit as a result of the hard searches as she hadn't tried. And even though it has taken a long time for the searches to be removed as agreed, some of this was out of HSBC's control and they did, from what I can see, try to chase it up to ensure the removal.*

## **Responses to my provisional decision**

HSBC accepted the decision. Miss E provided further comments in relation to level of compensation awarded as she doesn't feel it is reasonable given the substantial time taken and the stress HSBC's actions caused. She's also commented on what she considers to be a misleading statement – which I'll address 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.

I recognise Miss E's strength of feeling regarding her complaint. I'd like to reassure her that whilst I'm aware I may have condensed some of the complaint points in far less detail and in my own words, I've read and considered everything she's told us. I'm satisfied I've captured the essence of the complaint and I don't need to comment on every point individually, or possibly in the level of detail she would like, in order to reach what I think is a fair outcome. This isn't meant as a discourtesy, but it simply reflects the informal nature of our service.

I understand Miss E feels the information she received directly from HSBC contradicts the information we've been provided in terms of when deletion requests were made. I have further considered this but am satisfied the information HSBC have provided supports their testimony in respect of the action they took.

As I mentioned in my provisional decision, Miss E contacted one CRA to chase up what was happening. I don't think referring to this as 'expediting the process' is misleading. Although I can see the response from the CRA suggests the information was being removed following

her request rather than HSBC's. I've also seen evidence that HSBC had requested the removal.

I recognise that Miss E doesn't feel the distress has been fully considered, particularly taking account of the overall service HSBC provided and the time it has taken to get things resolved. I'd like to assure Miss E that I have fully considered this and I recognise that she had put in a lot of time and effort to get this rectified. But overall, I feel £850 is fair in the circumstances for the reasons explained. Whilst I understand why she hadn't applied for further credit, my role is to ensure HSBC put things right based on what actually happened and the impact that caused, not what could've happened. I'm satisfied they've done this.

### **My final decision**

My final decision is that HSBC UK Bank PLC should remove the hard searches, if not already removed, in relation to the declined credit application as agreed. And pay Miss E the additional £150 bringing the total compensation paid to £850.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 30 November 2023.

Karin Hutchinson  
**Ombudsman**