

## **The complaint**

Mrs T complains that HSBC UK Bank Plc ("HSBC") debited a payment of £258.80 which it had initially refused to pay after her account had been closed. In the meantime, Mrs T had paid the retailer by alternative means. Mrs T is unhappy that she was chased for payments and that adverse information was reported on her credit file.

## **What happened**

Mrs T used her John Lewis Partnership card to pre order an item online from a retailer. The item was delivered in January 2023. The retailer tried to take payment, but it was rejected.

The card provider (HSBC) advised Mrs T that it had refused payment because the card had expired due to the account being migrated to a new card provider. So Mrs T paid the retailer by an alternative method.

In March 2023 Mrs T received a statement from the card provider showing a payment to the retailer and requesting payment of the balance or a minimum monthly payment.

Mrs T contacted HSBC to dispute the transaction but continued to receive statements requesting payment.

HSBC rejected the dispute. Mrs T received letters and calls chasing her for payment of the debt. She complained to HSBC.

In its final response, HSBC acknowledged that when the disputed transaction claim was rejected, it should have referred back to the merchant's bank to confirm that the account was inactive and that the transaction shouldn't have been debited. HSBC removed the balance on the account and requested that any missed payment markers be removed from Mrs T's credit file. It also offered compensation of £200.

Mrs T remained unhappy and brought her complaint to this service.

Our investigator upheld the complaint. They said that HSBC could've handled things better and recommended £300 compensation.

HSBC accepted the investigator's view. But Mrs T remained unhappy and asked for an ombudsman to review the complaint.

## **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 looked into what happened here. Mrs T's Partnership card became inactive on 31 October 2022 but because the merchant had pre-authorized the transaction before this date, the transaction could still be debited after 31 October 2022.

I can see that when the payment was refused, Mrs T contacted HSBC and was advised that

the transaction hadn't been authorised because the account was inactive. It isn't clear why, having given Mrs T this advice, HSBC later allowed the transaction to go through.

Mrs T contacted HSBC to dispute the payment when it went through. HSBC says that it attempted a chargeback but that the merchants bank disputed this on the grounds that the transaction was genuine. I think HSBC missed an opportunity to resolve the issue at this stage, because it could've contacted the merchants bank and explained that the account was inactive, and that the transaction shouldn't have been debited.

Even though HSBC didn't contact the merchants bank after the chargeback failed, there was still an opportunity to resolve things by writing off the transaction. I haven't seen anything to suggest that HSBC considered doing this, but I think it should've done so.

Ultimately HSBC offered to resolve the complaint by clearing the balance on the account and amended Mrs T's credit file so that no missed payments were reported. It also offered compensation of £200 for the distress and inconvenience caused by the issues.

I've thought about whether HSBC has done enough to put things right. Mrs T has told this service that she spent several hours on the phone to HSBC trying to resolve matters and that she was passed from one department to another. She says the letters and calls demanding payment caused her stress and anxiety and on one occasion reduced her to tears.

I appreciate that this has been a frustrating experience for Mrs T. I'm sorry to hear about the impact that this had on her. Taking everything into account, I'm in agreement with the investigator that compensation of £300 should be paid to Mrs T. I think this is a fair and reasonable amount.

### **My final decision**

My final decision is that I uphold the complaint. HSBC UK Bank Plc must pay compensation of £300 to Mrs T.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T to accept or reject my decision before 26 March 2024.

Emma Davy  
**Ombudsman**