

## **The complaint**

Ms F complains about how HSBC UK Bank Plc has handled her credit card account since its inception in October 2018.

## **What happened**

In October 2018 Ms F applied for a credit card with HSBC on a promotional interest rate of 0%. Ms F has raised several complaint points about the running of her credit card account:

- Defaults incorrectly applied.
- Miscalculation of minimum fee as she says the terms said when there hadn't been any spending on a 0% interest account the minimum fee would be 1%, HSBC had charged her 2.5%.
- Failing to apply funds to her account between October 2018 and September 2021 which would have brought her account up to date in line with an agreed payment plan.
- She hasn't received the documents from a DSAR request made in December 2021.

She complained to HSBC.

HSBC said they'd applied the correct percentage rate of 2.5% for Ms F's minimum payments. They had checked her account and all payments they received had been applied to her account which hadn't brought the account up to date, so her account had been passed to their collections team. HSBC said they couldn't find any record of them agreeing to a payment plan with Ms F.

Ms F wasn't happy with HSBC's response and referred her complaint to us. Ms F also added that HSBC hadn't applied payments she'd made after September 2021. HSBC consented to us considering the additional complaint raised by Ms F.

Our investigator said HSBC had applied the minimum percentage fee of 2.5% in line with the terms and conditions of the agreement. They checked Ms F's current account and said all the payments had been applied to her account. And that HSBC has shown they've acted upon Ms F's subject access request.

Ms F didn't agree she said our investigator hadn't considered all her complaint points and asked for an ombudsman to decide. She also complained that HSBC had made an error when applying the opening balance to her account.

## **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 considered everything both parties have said, including the submissions made by Ms F, I'm satisfied that some of the complaint points Ms F has brought to us have been the subject matter of a previous complaint for which Ms F has had a final decision. And so I won't comment further on these. But refer Ms F to the final decision she has already received.

I also won't comment in my decision about the new complaint Ms F has raised about the opening balance as this is subject to a new complaint investigation by HSBC.

The complaints points which haven't previously been considered by us are:

- The calculation of the minimum payment applied to Ms F's credit card.
- The missing payments Ms F said hadn't been deducted from her credit card outstanding balance which impacted the monthly minimum amount calculation. And
- Non receipt of subject access request documents.

I know this will disappoint Ms F but I've decided not to uphold this complaint, I'll explain why.

While I have carefully noted all representations made, I will not be addressing every single point that has been raised. I mean no disrespect by this; but I don't need to particularise every point when reaching an outcome I consider to be fair and reasonable. Instead, I will focus on the issues that are central to the outcome.

*The calculation of the minimum payment applied to Ms F's credit card.*

I've been provided with Ms F's credit card statements for 2018, 2019, 2020, and 2021. I hope Ms F will be reassured that I've considered each element of each statement to determine whether her credit card account has been handled fairly. I can see that the statements say under the heading "*Minimum Payments*":

*"If you entered into your agreement with us from 23 March 2011 onwards, the minimum payment will be the higher of:*

*A. The sum of (a) interest for the period from the last statement, (b) any default charges, and (c) 1% of the full amount you owe as shown on your monthly statement (not including interest and default charges)*

*B. 2.5% of the full amount you owe as shown on your monthly statement including interest and charges*

*C. £5"*

I've considered the terms of each of the three options that would be applied. And in relation to Ms F's credit card account the option that would apply is option "B", 2.5%, as this would be the "*higher*" amount. I haven't seen any evidence that a lower interest would be applied if there weren't any transactions made. While the terms refer to a 1% option as this wouldn't be the "*higher*" amount, it would not be the option applied to Ms F's credit card outstanding balance. So, I don't think HSBC has acted unfairly in applying 2.5% to her outstanding balance to calculate the minimum payment due. I've checked Ms F's statements and I can see that HSBC has consistently applied the 2.5% rate to her outstanding balance correctly to calculate her minimum payments each month.

*The missing payments Ms F said hadn't been deducted from her credit card outstanding balance which impacted the monthly minimum amount calculation.*

Ms F has complained that the payments she'd made from October 2018 haven't been applied correctly. She says this has meant the 2.5% minimum payment has been over inflated each month as the outstanding balance hasn't been reduced in line with her payments. But I don't see that to be the case.

In considering Ms F's credit card statements from October 2018 to September 2021, I can see her opening balance was £6,650 plus an administration fee of £192.85, totalling £6842.85. I haven't seen any interest applied to her account throughout the period of October 2018 to September 2021, so the outstanding balance would reduce upon each payment made. And each month Ms F would have been asked to pay 2.5% as a minimum repayment amount. I can see Ms F started to struggle to meet her repayments shortly after the account was opened, and that she was charged four late payment fees of £12 each, and two unpaid direct debit fees of £5 each, in total £58. This would mean Ms F had £6,900.85 to repay. I can see that Ms F didn't make a repayment each and every month, and payments she did make were usually less than the minimum payment required. From October 2018 to September 2021, in total she paid £2321.07. Deducting this from the amount Ms F owed left an outstanding balance of £4,579.78. I refer Ms F to her statement dated 30 September 2021, which shows her end balance to be this amount.

I've checked Ms F's current account statements from September 2018 to March 2023, and all the relevant payments made from her current account to her credit card account are showing on her credit card statements and have been applied to her credit card balance, I can see a further payment of £50 was made from her current account to her credit card account in October 2021. I haven't seen any further transactions being made from Ms F's current account after this to her credit card account. So, I can't say that HSBC has acted unfairly or unreasonably as they've applied all the payments Ms F has made to her credit card account and have reduced her outstanding balance accordingly. As I think the outstanding balances have been calculated correctly this means the 2.5% minimum fee calculation is also correct.

*Non receipt of subject access request documents.*

I appreciate Ms F's frustration that she doesn't think she's received all the information she's requested. But based on the available evidence I don't think HSBC has acted unfairly as they've said they've provided Ms F with all the information they can. And have shown they've responded to her requests by sending the documents both electronically as well as by recorded delivery, which had to be signed for.

While I appreciate this isn't the outcome Ms F wanted, I hope she does feel some reassurance that I've carefully considered her complaint.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or reject my decision before 22 March 2024.

Anne Scarr  
**Ombudsman**