

The complaint

Mr G complains that HSBC UK Bank Plc (“HSBC”) misled him during a phone conversation concerning the impact of taking a payment break.

What happened

Mr G has loan with HSBC and in the summer of 2022 he was setting up his own business. He contacted HSBC to explore if it could offer some temporary support. He was told he could take a payment break for three months. The advisor said that his credit report would be marked as him being in an arrangement to pay, but that this would be removed once he had caught up with his payments. This was incorrect. It followed up the conversation with written confirmation on 20 September which confirmed the payment break commenced on 5 October and ended on 5 January 2023. It also included the following:

“We have to let the credit reference agencies shown below know that we have entered into an arrangement with you. This could make it more difficult for you to borrow in the future.”

Mr G complained and in January 2024 HSBC agreed that he had been given incorrect information and it paid him £250 compensation. It did not agree to remove the markers on his credit file.

Mr G brought a complaint to this service which was considered by one of our investigators who didn’t recommend it be upheld. She said that the Information Commissioners Office (ICO) issues guidelines for lenders on how to report data to the Credit Reference Agencies (“CRA’s”) and HSBC had reported accurate information for Mr G. She said that the compensation payment of £250 for the misleading information was fair.

Mr G didn’t agree and our investigator asked what he was seeking. He explained how the situation had impacted him financially and emotionally. He also supplied comprehensive material on his financial situation. Mr G said he had not needed to take the payment break as he had other options available to him. He had only done so because he was led to believe it would not have an impact on his financial position. He set out the various ways the situation had limited his ability to obtain credit and the impact on his mental health. He suggested the markers be removed and he be paid £5,000. Our investigator did not agree and so the matter has been referred to me.

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 do not consider this complaint should be upheld. I will explain why.

I agree that HSBC’s advisor gave Mr G inaccurate information. However, that was not the only information on which Mr G had to rely when making his decision to take the payment break. Mr G has explained he is aware of the impact of markers on his credit reports and it is reasonable to presume that he would have read the notice confirming the payment break

and that it would be reported. I believe the notice should have at the very least raised the potential impact on his credit report and in Mr G's position and with his experience it is reasonable to think he could have sought further clarification.

He has explained that he had other routes to secure his financial position and he didn't need to take the payment break.

I appreciate that he may have taken the verbal assurance at face value and relied on that rather than the written notice, but I cannot say that HSBC failed to make him aware of the potential impact of the payment break. The advisor did make a mistake and it is right that Mr G be compensated for that, but I do not believe it would be right to have the markers removed. As our investigator has explained these were made in accordance with the ICO guidelines and I cannot say that HSBC was wrong in doing so.

I appreciate Mr G will be disappointed with my decision and I would point out, as has our investigator, that he can add a notice of correction to his credit files explaining the background.

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 G to accept or reject my decision before 1 July 2024.

Ivor Graham
Ombudsman