

The complaint

Z, a limited company, complains that HSBC UK Bank Plc made an error when recording the date of a default.

What happened

Z had a commercial card account. It explains that it found that a default had been registered on its record in January 2024 which affected its ability to obtain credit.

HSBC said it had made a mistake. The account had defaulted in 2022 and it should have added a default marker from December 2022 rather than in 2024. But it said that Z had benefited from this marker not being in place earlier.

Our investigator recommended that in addition to changing the date of the default that Z be paid £100 for inconvenience. He said that the decision by HSBC to add a default on the account wasn't something that could be considered in this complaint. This had been raised in a separate complaint referred to this service which was considered to be out of jurisdiction. He noted that a default notice had been issued to Z in August 2022 and a final demand in September 2022. So, he didn't consider that the date that HSBC had now applied in relation to the default of December 2022 to be unreasonable. Taking into account that this default ought as a result to have been in place earlier he couldn't see that Z had been disadvantaged. But it had been inconvenienced and should be compensated. HSBC agreed to pay this compensation.

Z didn't agree and wanted the complaint to be reviewed. The director said he had been given incorrect information by HSBC and that it had told him it was normal for a marker to be added after two years. The date used – 21 December 2022 – was the exact date the account balance had been cleared. He had been in contact with HSBC about the account earlier and explained Z hadn't missed any payments. He hadn't complained about the marker as he hadn't been aware of it. He discovered this in March 2024 and had asked for information about what happened. And he considered something was being hidden and Z hadn't been advantaged as he would otherwise have brought the complaint earlier.

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 need to be clear that I'm only looking here at a complaint about whether there was an error in the date that a default was recorded for Z. The issue about the default itself has been the subject of a different complaint. And I'm not looking at the merits of that and also not making any decision about jurisdiction. I appreciate that Z wants all matters looked at, but I'm not able to do so here.

So, I need as a result to start from the position that a default should have been registered against the account. I note that as Z states that default was satisfied in December 2022 when the account was repaid. And the earlier notice and final demand on the account

required full repayment by 1 October 2022.

It was clearly an error that the default was only recorded in 2024. I consider on the information the date now used as December 2022 to be reasonable. And taking into account that such information will be on a credit record normally for a period of six years after that.

I appreciate that Z states that had it known it would have dealt with things earlier. I'm afraid that is a point really relating to the application of the default itself which as I've explained isn't something I'm looking at here. And to the extent that Z say applied for credit before 2024 then a default that I've found ought to have been shown wasn't. This wasn't a disadvantage for Z.

Having said that I do agree that Z has been caused inconvenience in dealing with this matter and that a payment of £100 is reasonable. If it doesn't accept my decision it remains free to deal with this matter in court and subject to any relevant time limits.

My final decision

My decision is that I uphold this complaint and require HSBC UK Bank Plc to pay Z £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Z to accept or reject my decision before 11 October 2024.

Michael Crewe
Ombudsman