

## The complaint

Mr B complains that HSBC UK Bank Plc unfairly registered a default on his account and hasn't recorded correct information about his outstanding balance. He says that HSBC has failed to treat him fairly.

## What happened

Mr B initially complained to HSBC in July 2020 about incorrect information on his credit file. HSBC agreed to remove any adverse information showing from 1 May to 29 July. However, he says that following this, HSBC failed to update the credit reference agencies with his declining balance. He settled his account in September 2023 and contacted HSBC to ask that HSBC update the credit reference agencies to show he had made all agreed payments on time and the account had been settled.

HSBC issued a final response letter dated 3 November 2023. It said that it had advised its credit file team to show Mr B's card as being paid in full on 2 September 2023 and that there was an arrangement in place from 28 November 2019 to August 2023. It apologised for any inconvenience Mr B had been caused and paid him £50 because of this.

Mr B checked his credit report in December 2023 and found that a default had been applied in July 2019 (which he said wasn't present in July 2023) and that the outstanding balance amounts recorded were incorrect.

Mr B says this issue has had a negative impact on his credit score meaning he couldn't borrow money he had intended to. He wants the default removed from his credit file and his correct balances recorded. He also said that HSBC should have offered him more support when he got into payment difficulties.

HSBC explained that Mr B's credit card defaulted on 4 July 2019 and the outstanding debt was transferred to its repayment services. It said that Mr B repaid the debt in full on 2 September 2023 and so the debt would be reported as satisfied, but the default would remain for six years. It said that it checked in December 2023 that the credit reference agencies were recording the account as satisfied and two were. One wasn't and so it checked again on 5 January but there was an error trying to mark the account as satisfied so on 12 January an email was sent to the credit reference agency to request the account be marked as satisfied.

Our investigator didn't uphold this complaint. She noted that HSBC had confirmed the default was applied to the account in July 2019. And while payment plans were then in place that Mr B maintained this didn't affect the default that had been recorded. She noted Mr B's comment about the outstanding balance figures that were recorded but said that HSBC had confirmed that the May 2022 and May 2023 balances were £2,404.28 and £1,204.28 respectively which was what Mr B had said was correct.

Mr B didn't accept our investigator's view. He said his credit report showed that incorrect balance amounts were recorded with a balance of £4,963 being shown prior to him settling

the account (when it should have been £1,004.28). He said in the months leading up to August 2023 all the balance amounts recorded were incorrect.

### *My provisional conclusions*

I issued a provisional decision on this complaint, the details of which are set out below.

*I can understand why Mr B is frustrated by the service he has received from HSBC and why he is concerned by the information that has been recorded on his credit file. I understand that he wants the default that was applied to his account removed and the balance information corrected.*

*Considering first the default, Mr B has provided a copy of his credit file which shows the default as being recorded in July 2019. HSBC has explained that Mr B's account was in arrears from October 2018 until the account was defaulted in July 2019. HSBC has provided a copy of the default notice dated 22 November 2018 which it sent to Mr B. This set out the status of Mr B's account and the action that was needed. It then sent a final demand notice dated 11 February 2019, which explained the full balance was due and the action that would be taken if payment wasn't made by the required date. As the required payment wasn't made, I cannot say that HSBC did anything wrong by applying the default and so I cannot say that it is required to remove this.*

*In October 2019, repayments of £200 a month were agreed and then in June 2021 a new repayment amount of £100 was agreed. I can see that Mr B received a letter from HSBC's repayment services dated 31 October 2019 confirming the payments set up at that time. While Mr B made payments towards his outstanding balance and settled the account in September 2023, the default will remain on his credit file for six years from the default date.*

*Mr B has said that his credit file didn't show the default in July 2023 even though it had been recorded in July 2019. HSBC was asked about this and has said that its credit reference agency team believed there to have been a discord in what the credit reference agencies had been reporting and that some updates had been rejected. It said that an issue had been identified with one credit reference agency and this was being investigated. While this doesn't provide a clear answer to why the default that was recorded in July 2019, didn't appear on Mr B's credit file at that time, I do not find that this means the default should be removed. As I set out above, I find the default was applied correctly and so the issue is with the recording not the application of the default. As not having the default showing on his credit file would have been beneficial to Mr B, I do not find I can say that HSBC is required to provide compensation for this.*

*I note Mr B's comment about a previous complaint resolution being to remove any adverse information from his credit file. But the resolution for that complaint was to remove adverse information for the period from May to July 2020. The default was applied in July 2019 and so I cannot say that HSBC said this would be removed.*

*Mr B has also complained the outstanding balance information hasn't been correctly reported by HSBC to the credit reference agencies and he provided evidence of this. We asked HSBC for further details about this, and it explained that while the balance appeared on its systems as reducing and being reported as such, these actions weren't completed, and so Mr B's credit card balance hadn't been updating correctly since 2021. It said it had contacted the credit reference agencies and the updates would take place.*

*While this resolves this issue, I find that Mr B has been caused distress and inconvenience by having incorrect balances reported since 2021. He has said this has affected his ability to obtain credit, but I cannot say what effect this would have had, noting that his account had*

*been defaulted, but I accept that he has spent time trying to resolve this issue and his credit file has shown a higher balance outstanding than was accurate. I note that the November 2023 final response letter included a payment of £50 for the issue with Mr B's account being recorded as in an arrangement and settled in September 2023 but I think further compensation is required in response to the issue he has experienced with the incorrect balances. In this case, I think HSBC should pay Mr B a further £200 for the upset this has caused him.*

HSBC responded to my provisional decision confirming that Mr B's historic credit balances had been updated with the credit reference agencies and agreeing to the additional £200 compensation.

### **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.

As Mr B didn't respond to my provisional decision and HSBC agreed to pay the additional £200 compensation recommended, my conclusions haven't changed from those set out in my provisional decision.

For the reasons I have already set out, I do not find that HSBC is required to remove the default from Mr B's credit file. But I do think it should pay him additional compensation (as it has agreed) for the distress and inconvenience he was caused by having incorrect information recorded on his credit file and the time he spent trying to resolve this.

### **Putting things right**

HSBC UK Bank Plc should pay Mr B an additional £200 compensation, as it has agreed, for the distress and inconvenience he has been caused by his credit file not being updated correctly.

### **My final decision**

My final decision is that HSBC UK Bank Plc should take the action set out above in resolution of this complaint.

.Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 September 2024.

Jane Archer  
**Ombudsman**