

## **The complaint**

Mr P complains that HSBC UK Bank Plc carried out unnecessary credit searches when his account was upgraded, and failed to remove the record of these checks as promised.

## **What happened**

Mr P wished to upgrade his account with HSBC and discovered that it had carried out several credit checks on him of which he was unaware. He complained to HSBC.

HSBC said Mr P upgraded his account to its Premier service on 12 February 2024 and it told him there would be a credit search, in common with all applications to upgrade an account. However, HSBC said two further searches weren't required and would be removed from his credit file as well as one relating to a credit card application. HSBC apologised to Mr P for getting this wrong and paid him £200 compensation.

Mr P complained again that the credit checks (carried out many months before) hadn't been removed from his file. He said he wanted these removed and £500 compensation as he had been 'severely impacted by damaged credit files', and for the stress he had suffered.

Our investigator recommended the complaint be upheld in part. She said Mr P applied for three products that required credit searches, but HSBC carried out four checks.

The investigator said Mr P was told about the check for the Premier account on 12 February 2024. She said the three checks on 14 February 2024 were in relation to Mr P's applications for a credit card, a foreign currency account, and a Global Money Account. She said HSBC provided information about checks for the first two products, but not for the Global Money Account, and HSBC should remove the record of this check.

The investigator said as there were three valid searches, she didn't think the additional one would have had a significant impact on Mr P's credit file. She thought the compensation of £200 HSBC has paid Mr P was fair.

HSBC agreed with the investigator and said it would remove one of the credit checks from his credit file. However, Mr P disagreed with the investigator and requested an ombudsman review his complaint. He said she was in error as HSBC had initially confirmed that three of the four searches were not required and would be removed, but this was never actioned.

## **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 was sorry to learn that what should have been a straightforward application process for new products has turned into a prolonged and drawn-out experience for Mr P. Part of my role is to determine whether what took place was reasonable and whether HSBC followed the process correctly.

Mr P has mentioned the 'profound impact' on his ability to access financial products as a consequence of the credit checks not being removed and said that this has put him into financial difficulty. As our Investigator explained, complaint handling isn't a regulated activity

and so it's outside the jurisdiction of this service. So I can't consider what Mr P has said about the way HSBC handled his complaint.

I have looked at HSBC's reporting of the credit checks it carried out to see if it has acted in accordance with its normal practice and to see if it has treated Mr P fairly. I am grateful to Mr P for the screenshots of the credit information reported about him.

From the call notes it is clear that HSBC's adviser told Mr P that his application to upgrade his account would be credit scored. I can see that Mr P also applied for a credit card and a currency account at this time, and both applications stated to customers that a credit search would be carried out and Mr P would have agreed to these.

In response to Mr P's initial complaint HSBC apologised for carrying out two unnecessary credit checks and paid Mr P £200 compensation. HSBC also said it would remove the record of these checks from Mr P's credit file, but he subsequently discovered that this hadn't been done.

Mr P still thinks that three of the checks were unnecessary, as HSBC confirmed to him in its initial response. However, HSBC reviewed Mr P's applications for its products, and this showed the bank that it was required to conduct credit checks. HSBC has said that where any of the searches still remain with the credit reference agencies it wouldn't now remove them as these are a true reflection of Mr P's banking activity.

HSBC said that although Mr P's credit card application was declined as he already held an account, this does not mean it would remove the search. It said that it was Mr P's decision to apply for this product, without asking guidance from the bank.

Banks are required to report accurate information to the credit reference agencies, and this appears to have been complied with by HSBC. And from what I have seen HSBC's credit checks were in accordance with the terms and conditions of the products for which Mr P was applying. I have seen the information HSBC has provided to the credit reference agencies and it reflects Mr P's applications for its products.

In conclusion, I agree with HSBC and our investigator that there appears to have been only one credit check carried out which was not specifically advised to Mr P before it was performed and added to his credit file.

In terms of the impact on Mr P I haven't seen any evidence he has been caused financial loss or hardship from this, and a single additional check is unlikely to have made a great deal of difference to the financial products he might have been able to access. Consequently, I haven't seen anything to justify requiring HSBC to pay Mr P any further compensation.

### **Putting things right**

HSBC may now have acted to remove the single credit check from Mr P's credit file. Should this not to be the case then HSBC should do so without further delay.

### **My final decision**

For the reasons I have given it is my final decision that the complaint is upheld in part. If it hasn't already done so, I require HSBC UK Bank Plc

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 10 February 2025.

Andrew Fraser  
**Ombudsman**

