

## **The complaint**

Mrs B complains that HSBC UK Bank Plc (HSBC) misreported her account performance to the credit reference agencies, and didn't explain the impact that reporting would have on her ability to obtain credit.

## **What happened**

Mrs B entered into a repayment plan with HSBC in February 2024. Token payments were to be accepted towards her credit card and loan balances. The plan was to be active for six months.

Mrs B subsequently discovered that instead of reporting the plan as an arrangement to pay, HSBC had reported missed payments. She complained to them, and they accepted they'd made a mistake and offered her £300 in compensation.

Mrs B referred her complaint to this service. She explained that HSBC's inaccurate reporting had led other creditors to remove or reduce credit facilities and that she'd been unsuccessful applying for a car loan.

Our investigator agreed that HSBC had caused some distress and inconvenience, but she thought the £300 compensation they had offered was fair in the circumstances.

Mrs B disagreed. She asked for her complaint to be reviewed by an ombudsman and for the ombudsman to consider HSBC's failure to properly explain the reporting implications of the repayment plan. The significant financial harm she said HSBC's misreporting had created. The emotional distress caused by HSBC's actions that she said was evidenced by the mental health treatment she had undergone, and the insufficiency of the £300 compensation offered.

## **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 know it will disappoint Mrs B, but I'm not upholding this complaint. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here, I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point, it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

There's no argument that HSBC made a mistake when they reported missed payments on Mrs B's account. They should have reported the account in a payment arrangement, and they didn't do so until August 2024.

### ***Explanation of the impact of reporting the plan***

During Mrs B's call with HSBC in February 2024 when the payment plan was agreed the agent explained that *"[...] even if you keep up with your payments in the arrangement, your credit file will get impacted"*. Mrs B explained that she knew that was the case.

The income and expenditure analysis completed at the time of that call showed that Mrs B only had £108 of disposable income. It seems unlikely to me that she would have been able to clear the arrears on her accounts as resolving that issue was, after all, the purpose of her call. I think it's likely the arrears would have remained on her account even if a more detailed explanation had been provided about the impact of the reports and I don't think the lack of a more detailed explanation caused Mrs B any financial harm.

### ***Financial harm, emotional distress and compensation***

HSBC have offered £300 in respect of the distress and inconvenience caused. When a business's mistake has caused distress and inconvenience, and it's taken a significant effort to sort the issue out, as I think has been the case here, we would usually order distress and inconvenience payments of about that amount. I see no reason to increase that amount. Mrs B has provided some evidence of the mental health problems she has been experiencing. While I have no doubt the misreporting will have been distressing for Mrs B I don't think it would be fair to suggest the misreporting was the only reason her mental health deteriorated. It seems to me that problems with her family's health and the financial difficulties she was experiencing would also have been likely to have been troubling Mrs B and, in the circumstances, I don't think there is reason to enhance the compensation payment.

Ultimately, I think HSBC have been reasonable here and I'm not asking them to take any further action.

### ***My final decision***

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 13 February 2025.

Phillip McMahon  
**Ombudsman**