

The complaint

Mr W and Ms B complain that HSBC UK Bank Plc placed missed payment markers on their credit files when they missed a payment on a homeowner loan held with it. They say that is having a disproportionate effect on them, and they wanted the markers removed.

What happened

Mr W and Ms B have two separate loans against their residential property, a mortgage and a homeowner loan, both held with HSBC. Mr W was making the payment for each of these loans from his account at the end of the month, by direct debit.

On 29 April, HSBC attempted to collect the direct debit for the homeowner loan twice, once in the small hours of the morning, then again just after lunchtime. The account didn't have sufficient funds to pay this direct debit on either occasion. (The mortgage payment was collected successfully, and I won't refer to that further in this complaint.)

Payment was then made manually for April, but not until 4 May. HSBC has therefore recorded a missed payment on the credit files of both Mr W and Ms B, for April 2024.

Mr W told us that this happened because he'd moved the deposit of his monthly salary to a different account, but hadn't yet moved the mortgage and homeowner loan payments to that account. He said he had sufficient savings held with the same bank at the time, and he'd requested a transfer from his savings account the day before the homeowner loan payment was due, expecting it to arrive in time. But he said the money didn't arrive until after HSBC had made its second request for payment.

Mr W said, having recognised that his savings money didn't arrive in time and there wasn't enough in the account to pay the homeowner loan, he got Ms B to transfer in enough money for the payment to clear. He said he expected HSBC to try the direct debit again, but it didn't.

Mr W said although he was on holiday, he made a manual payment via telephone banking on 4 May 2024. He said he'd never intended to miss the payment, and had the money, the problem only happened because his savings funds didn't arrive in time.

Mr W said the resulting credit file entries were having significant consequences, and he explained how they affected the business he and Ms B run together. He said HSBC was focusing solely on the technicality of the missed payment without considering the context or the efforts made to resolve the issue. He wanted HSBC to amend the entries on his and Ms B's credit files to reflect that this was not an affordability issue and that he'd acted in good faith to resolve the payment.

HSBC said it would only amend an entry on a credit file if it could identify a bank error. And here, it couldn't see any mistake. Mr W and Ms B's loan payment was due on 29 April but failed due to insufficient funds held in Mr W's bank. The manual payment Mr W made wasn't sent until the next month, on 4 May 2024. HSBC said it has an obligation to report factually to the credit reference agencies so this will be reflected on Mr W and Ms B's credit files.

Our investigator didn't think this complaint should be upheld. The payment was due on 29 April 2024, and there weren't sufficient funds when HSBC tried to collect it. Although Mr W had transferred more money into the account by the end of the day, our investigator couldn't see anything HSBC had said to make Mr W think it would attempt a further collection of the direct debit on the same day. And Mr W didn't make up the payment in the same month, so his credit file had been affected. Our investigator said HSBC does have a responsibility to accurately report the status of the accounts at the end of the month, and he was satisfied that it had done so for April 2024.

Mr W wrote to object. He said a credit rating is supposed to reflect someone's willingness and ability to repay obligations responsibly and on time. He said he had enough money, and was willing to pay. He said penalising him for a technicality completely misrepresented his financial behaviour and moral commitment to meet obligations. He said HSBC didn't try again to take the payment, and it hadn't told him the payment needed to be made before the end of the month until after the month end, when the damage was already done. If he'd known he could make a manual payment, he'd have done so.

Our investigator didn't change his mind. He said HSBC had done what he expected, and the payment failed because the money wasn't there at the time it was requested. He thought Mr W could have got in touch with HSBC the next day, as he would have been aware the payment wasn't made. Our investigator said it is the borrower's responsibility to make sure sufficient funds are available in the account in advance of any collection. So he couldn't ask HSBC to amend Mr W and Ms B's credit files now.

Mr W didn't agree. He said our service hadn't taken into account the disproportionate impact this was having. He said he wasn't seeking to contest the position – the money was not there when HSBC tried to collect it. But he wanted us to take into account the broader issue and context.

Mr W wanted this complaint to be considered by an ombudsman, so it was passed to me for a final decision.

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've reached the same overall conclusion on this complaint as our investigator. I don't think it would be fair and reasonable in all the circumstances of this case, to ask HSBC to amend the credit files of Mr W and Ms B. I'll explain why I've reached that conclusion.

I can see the terms of this homeowner loan do set out that Mr W or Ms B must make monthly payments, each month, by direct debit on the due date. We know that didn't happen in April 2024.

Mr W said things started to go wrong when a transfer he'd requested from his savings account on 28 April didn't arrive in his account in time. The bank statements Mr W sent us suggest that this account is held with a different bank, although linked to his current account. The bank where Mr W's savings appear to be held doesn't operate same-day withdrawals, nor does it operate on a weekend.

That bank's website sets out that withdrawals on a working day will be available by midnight the following day. So it doesn't seem likely that the withdrawal request Mr W made on Sunday 28 April, would have provided funds for this payment due on Monday 29 April.

Whatever the reasons for this, we do know Mr W was aware on Monday 29 April that his payment hadn't arrived. We also know that later in the afternoon he arranged for Ms B to credit this account. So the end of the day, there was enough money in the account to cover the direct debit. But we also know HSBC had already tried to take this payment twice. I don't think it had to try a third time, and I haven't been able to see that it had suggested it would do so.

It appears that Mr W didn't then check if this payment had been taken, nor did he contact HSBC the next day when the payment hadn't gone. I think HSBC did all I would expect to alert Mr W to this. I wouldn't expect HSBC to proactively get in touch with Mr W on 30 April, which was the last day he could have made payment without any effect on his credit file. It is, as our investigator said, primarily the responsibility of Mr W and Ms B to make sure this payment is made when its due.

When this payment wasn't made in April, HSBC noted on Mr W and Ms B's credit files that a payment had been missed. Mr W said this doesn't really reflect the true purpose of a credit file, which he said was to "*reflect someone's willingness and ability to repay obligations responsibly and on time.*" But I note that data reported to a credit file is supposed to be "*fair, accurate, consistent, complete and up to date.*" Although Mr W has stressed he intended to make this payment, it's not unfair or inaccurate to record that it was not made.

Mr W said this was having a particularly severe impact on him and Ms B. I've been sorry to hear that. But HSBC isn't responsible for decisions other lenders take, based on Mr W or Ms B's credit file. It's only responsible for providing a fair and accurate record of their payment history for this lending.

I think it's also worth setting out here that HSBC made these reports because it's under a legal obligation to give credit reference agencies an honest and frank assessment of how customers are managing their accounts. That's the arrangement HSBC makes with credit reference agencies, and in return it can rely on an equally honest assessment by other lenders, of how existing debt is being managed by any customers it's thinking of lending money to. I don't think I can fairly require HSBC to act in breach of that obligation, in this case.

I appreciate that the missed payment marker which has been applied to Mr W and Ms B's credit files is likely to have a significant impact on them, at least in the short term. And I'm sorry that I'm not able to help them with this.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Ms B to accept or reject my decision before 10 March 2025.

Esther Absalom-Gough
Ombudsman