

The complaint

Mr F complains about a credit card account he has with HSBC UK Bank Plc (HSBC) and that he was not contacted about two missed payments that were needed on the account. Mr F is concerned about the impact this has on his credit file and available credit with other lenders.

Mr F is represented in this complaint by a relative, but for ease I shall refer to all submissions made by Mr F and his representative as if made by Mr F.

What happened

Mr F has a credit card account with HSBC. The required monthly payment was not made on the account due to an issue with the direct debit mandate, that should have automatically collected payment to the account. This affected two months payments, January and February 2024.

Mr F contacted HSBC about this as he did not receive any notification of the payments not being made and payments were then made to the account. This took multiple calls to HSBC to resolve and Mr F was unhappy about the potential impact the missed payments may have on his credit file. He is also unhappy as credit accounts he has with other lenders have been affected and the available credit limits had been reduced as a result of the problem with the HSBC repayments. Mr F believes the reduced credit limits have impacted his ability to benefit from section 75 Consumer Credit Act benefits on his purchases.

Mr F complained to HSBC about this and it accepted the problem with the missed payments was because of its error. It apologised to Mr F, refunded the late payment fees, corrected any impact on his credit file for this account and paid Mr F £240 as compensation. After further discussion, an additional £100 was offered. HSBC also issued Mr F with a letter referring to its error, which Mr F could share with other credit providers to demonstrate the error was because of HSBC, not him.

Mr F remained unhappy with HSBC's payment and additional offer and does not believe this is sufficient in the circumstances. Mr F has highlighted his age and health issues and this issue has had a significant effect on him. And that the impact on his other credit accounts has not been fully restored.

As he was entitled to do, Mr F referred his complaint to our service, where it was considered by an investigator. The investigator explained why in their view the steps HSBC had already taken were reasonable in the circumstances of this complaint and that they did not consider HSBC need do anything more.

Mr F did not accept the investigator's conclusions and asked for the complaint to be passed to an ombudsman for review. Mr F remains of the view that the amount of compensation paid and offered by HSBC is inadequate considering the impact this has had on him. He refers to a credit limit with another provider still not being restored to the previous level, concerns about his ability to access credit and benefit from the protections offered by section 75 of the Consumer Credit Act. Mr F also referred to our service's website and the examples

of award levels, and that he believes this demonstrates his award should be higher.

As the complaint has not been resolved informally, it has been referred to me as the last stage in our process.

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.

Having considered all that the parties have said and provided, my decision here will likely come as further disappointment to Mr F, as I do not consider there are sufficient grounds to instruct HSBC to do more than it has already done and offered to do.

There is no dispute between the parties about the cause of the underlying issue with the direct debit for the credit card account, or what caused the payments not to be made. HSBC has accepted this was caused by its error and has apologised to Mr F for this. It has also refunded any charges that were applied to the account, corrected any impact on Mr F's credit file for this account, written a letter that Mr F can provide to other creditors and paid £240 as compensation – with an additional offer of a further £100.

I have noted Mr F's age and the health issues he has and continues to experience and fully accept that this would have had an impact on him. This was an issue not of his making and it did take time and effort to sort out with HSBC. All of this I am sure Mr F would have preferred to avoid. But having considered the steps HSBC has already taken, the compensation it has already paid, along with the offer of an additional £100, I am satisfied this is fair and reasonable in all the circumstances of the complaint.

I fully appreciate Mr F does not agree and believes a higher monetary award should be paid, and he has referred to example scenarios on our website which he believes demonstrate a higher award should be paid. I disagree and I'm again satisfied the award made here is reasonable and in line with the example case studies set out on our website. One such example refers to a similar issue with a consumer who complained after payments for her credit card have been missed. In that instance an award of £100, in addition to an apology, was deemed reasonable in those circumstances.

I fully appreciate the circumstances of Mr F's case and that example are not identical, with Mr F's age and health being an obvious significant difference. But the compensation HSBC has already paid and offered to pay is considerably higher than the £100 on the case example. And even when considering the differences between the cases here I am satisfied HSBC does not need to increase the £100 it has already offered to pay, on top of what it has already done and paid.

Mr F has referred to the impact this has had on other credit accounts and that while the credit limits are being reinstated, this has taken some time. Mr F also however refers to one provider who has not yet reinstated the previous credit limit he had before the payment issue with HSBC. It is not clear if the previous credit limits have now been reinstated, or if one provider has still not reinstated the credit limit to the level before the issue with HSBC.

Mr F has referred to concerns about losing the protections offered by section 75 of the Consumer Credit Act as he now has less available credit. Mr F has not referred to missing out on a particular purchase, any intention to make a specific purchase or therefore that he is no longer able to do so in light of the impact this issue with HSBC has had. This might therefore only be a hypothetical issue and could be one that has not or does not actually materialise in the future.

Notwithstanding that, I note however that the HSBC credit limit remains at £8,000, which is what it was before the issues with the payments arose. Mr F does therefore have this level of credit still available, plus whatever the reduced amounts are with other credit providers.

Section 75 of the Consumer Credit Act does offer certain protections to a debtor where there has been a breach of contract or misrepresentation on the part of the supplier of the goods or services. It does not apply in every transaction but as Mr F has highlighted, it can in certain instances provide protections for qualifying purchases and the ability to complain to the credit provider and ultimately our service. As they are lengthy, I won't refer to all of the requirements of section 75 here. But although there are limits to the item price of the goods or services bought on the credit, there is no requirement to pay the full price of the item on the credit to benefit from section 75. A consumer could therefore pay a minimal sum on the credit card, rather than the full price of the goods or service, and still benefit from the 'protections' of section 75 (subject again to the other requirements of the Act).

So even if Mr F does not have the same level of credit available with the other credit providers, he still has access to credit. Considering the amount of available credit with HSBC, and what I have set out about not needing to pay the full amount on the credit card, I consider it highly unlikely that Mr F would not be able to benefit from the protections of section 75. I hope this explanation provides some reassurance to Mr F about this particular element of his complaint and his concerns about potential future purchases.

My final decision

I again fully appreciate that my decision here is likely to come as further disappointment to Mr F. But for the reasons set out above, HSBC has already taken sufficient steps to correct the mistake and compensate Mr F fairly for the impact of that mistake. In addition to the other things HSBC has already done, it has paid Mr F £240 and offered to pay an additional £100 to settle the complaint. I think this offer is fair in all the circumstances.

So my decision is that HSBC UK Bank Plc should pay Mr F £100, assuming it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 12 March 2025.

Mark Hollands
Ombudsman