

The complaint

Miss C complains that HSBC UK Bank Plc incorrectly printed an arrears warning on her statements and charged her excessive interest.

What happened

Miss C holds a credit card account with HSBC.

In or around April 2024 Miss C noticed an arrears warning on her monthly statement. She also noticed that the interest rate on the card was higher than it should be.

Miss C had closed the card in March 2024 to avoid an increase in the interest rate, but the increased rate was being charged.

Miss C was very concerned about these issues and travelled to her nearest branch for assistance. Miss C waited two months before receiving confirmation that she wasn't in arrears.

Miss C raised a complaint with HSBC. She said the arrears warning had caused worry and upset, and that she'd felt humiliated at having to speak to an advisor in the main banking hall at her branch as she knew some of the staff there. She was also unhappy that she'd paid excessive interest charges.

HSBC dealt with the two complaints separately. It issued a response on 25 June 2024 in relation to the arrears warning and said this had been due to a processing error where, if a payment was made on the same day as the statement is printed, it has caused an arrears notice to be included on the next statement. HSBC acknowledged that this was incorrect and said it was working to fix it. It offered £50 compensation for any distress caused. This offer was later increased to £150 in a response dated 22 July 2024.

In relation to the interest rate, HSBC issued a response on 14 August 2024. It refunded interest of £275 and reduced the interest rate to 16.9%. It also paid compensation of £300 for distress and inconvenience.

Miss C remained unhappy and brought her complaint to this service. She said the closure of her account and incorrect interest rate issue had been resolved with HSBC, but she remained unhappy regarding the arrears warnings on her statements. Miss C said it had taken HSBC over two months to tell her that this had been caused by a system issue and that she was not in arrears. Miss C said that during these two months she was unaware of why she was being reported as being in arrears, which caused her substantial distress and impacted on her health.

Following the referral of the complaint to this service, HSBC made an offer to increase the compensation for the incorrect arrears warning to £200. Miss C declined this offer.

Our investigator didn't uphold the complaint. They said that HSBC had made a fair and reasonable offer to resolve the complaint.

Miss C didn't agree so I've been asked to review the complaint.

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 Miss C, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, its 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.

Miss C has told this service that the issue of the closure of her account and the incorrect interest rate has been resolved with HSBC, so I won't be commenting on this aspect. Nor will I be commenting on HSBC's reporting of the account as being over limit, because the statements show that the account has been over the credit limit since December 2023, and Miss C hasn't disputed this. In this decision I'll be looking at the arrears warning which appeared on Miss C's statements.

HSBC has acknowledged that it made an error when it printed an arrears warning on Miss C's statements. It has explained that this was due to a processing error where if a payment is made on the same day that the statement is printed, it has caused the arrears notice to be included on the net statement. HSBC has said that this was corrected after two months. HSBC has acknowledged that the presence of the arrears warning caused Miss C distress and has offered total compensation of £200.

I've thought about the impact that the arrears warning had on Miss C. I appreciate that she was so concerned when she first discovered the arrears warning that she felt it necessary to visit her local branch. I make no criticism of Miss C for doing that as I understand that she was worried about whether her payments had been properly credited to her account, and about the possible impact on her credit file.

Miss C has said that despite her visit to the branch, she wasn't given any reassurance that she wasn't in arrears. And that she was left not knowing why the arrears notice was on her statement for around two months. Miss C has said that when she visited her branch, she had to provide details of the issue in a public area, which she found humiliating. She's also said that her request for help with the issue was met with apathy from the advisor in branch.

I'm sorry to hear that Miss C had an unsatisfactory experience at the branch. I haven't been able to review any records or transcripts of the conversation that Miss C had with the advisor in branch, so I can't comment on what was said. but I don't think it's unreasonable to expect that the advisor would've taken some details about the issue. I understand that Miss C was shown to a private meeting room in branch to discuss the issue in more detail. Whilst I appreciate Miss C's comments that she felt humiliated, I don't think it was HSBC's intention to humiliate her. Looking at what happened, I don't think HSBC did anything wrong or treated Miss C unfairly by asking her for details of her complaint in the banking hall first.

I appreciate that Miss C was caused distress at having to wait for two months for an explanation of why the arrears warning appeared on her statement. I understand that Miss C was worried about her account and about the possible impact on her credit file. I'm pleased to confirm that there was no impact on Miss C's credit file. And I can see that HSBC responded to the complaint within the timescale specified by the FCA, so I'm unable to say that there was unreasonable delay here.

Looking at what happened and taking into account the impact of the error on Miss C and the resolution offered by HSBC, I'm satisfied that the offer of £200 compensation is fair. I won't be asking HSBC to do anything further.

My final decision

My final decision is that I don't uphold the complaint. the offer of £200 compensation from HSBC is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 14 May 2025.

Emma Davy
Ombudsman