

The complaint

Mr A complains that HSBC UK Bank Plc trading as First Direct unfairly defaulted and closed his credit card account.

What happened

Mr A initially took out a credit card account with First Direct in August 2023. He stopped making the monthly minimum repayments to the card in May 2024, and his account subsequently defaulted in March 2025.

Mr A didn't think it was fair that his account had defaulted. He said he didn't get any of the correspondence First Direct said it sent to him, because he had been abroad at the time it was sent.

First Direct responded to Mr A's complaint but it didn't think it had done anything wrong. Ultimately, it felt it had followed the correct process when defaulting Mr A's account. It also explained that it couldn't be held responsible for non-receipt of letters, and it said it hadn't seen any contact from Mr A changing his address.

An Investigator considered the information provided by both parties, but they didn't think Mr A's complaint should be upheld. They explained that Mr A's account was at least in three months of arrears at the point it defaulted. They explained that First Direct had sent letters about the arrears and default to the address it had on file for him. The Investigator acknowledged that Mr A had been living abroad at the time First Direct sent some of the correspondence. But because Mr A hadn't let First Direct know this, it hadn't done anything wrong in sending the letters to the address it had on file.

Mr A didn't agree with the Investigator's view; in summary he said:

- First Direct should have done more to contact him to let him know his account could default.
- He reiterated the impact the default being on his credit file could have on his future.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

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 have read and taken into account all of the information provided by both parties, in reaching my decision. I say this as I'm aware I have summarised Mr A's complaint in less detail than he has. If I've not reflected something that's been said it's not because I didn't see it, it's because I didn't deem it relevant to the crux of the complaint. This isn't intended as a discourtesy to either party, but merely to reflect my informal role in deciding what a fair and

reasonable outcome is. This also means I don't think it's necessary to get an answer, or provide my own answer, to every question raised unless I think it's relevant to the crux of the complaint.

The Information Commissioner's Office (ICO) says that when a consumer is at least three months behind with their payments then a default may be registered. It also says it would *expect* a default to be registered by the time the consumer is six months behind with their payments. That's just what happened here. Mr A was in a sustained period of arrears – beginning in May 2024 – with no repayments being made for the contractual amounts or otherwise between May 2024 and September 2024. Repayments resumed for the months of October, November and December 2024. But the account defaulted in March 2025, following missed repayments in January 2025 and February 2025. When the account was in at least three months of arrears. The default was then reported to the credit reference agencies. Based on the repayment history of Mr A's account, I'm satisfied that First Direct followed guidance set out by the ICO when it defaulted Mr A's account.

Mr A says he didn't receive any of the letters First Direct sent to him about the status of the account – including the default notice and final demand. That's because he was working abroad at the time. Mr A didn't tell First Direct that he had a change of address or was no longer living at the address recorded on his file. So I don't think it unreasonable that First Direct sent letters about the arrears and default to the address it held on file for him.

Mr A says that First Direct should have done more to contact him about the status of his account using different methods, but I don't agree. There was no requirement on First Direct to do anything more than send letters to Mr A. The terms and conditions of his account required him to keep his contact details up to date, and explained that First Direct wasn't responsible if information wasn't received due to contact details not being up to date. First Direct was aware that Mr A was working abroad, but Mr A also told it that he was between the UK and a different country. He hadn't provided it with an updated postal address, and so I don't think First Direct ought reasonably to have been aware that Mr A wouldn't receive the letters it sent.

In any event, I'm satisfied that Mr A was aware that he had stopped making repayments to the card, and so it was in arrears for a sustained period of time. I say this because he explained this to First Direct during a phone call that he had forgotten to make repayments because he was outside of the UK. I can also see occasions of him logging in online to view his credit card statements – which would have shown that no payments had been made to the account. So, I'm persuaded that Mr A was aware the account was in arrears. While he might not have known it was going to default if he didn't get the letters First Direct sent him, I don't think this is as a result of something First Direct has done wrong.

Mr A has raised concerns about the impact a default might have on his credit file. While it's likely the default will be viewed negatively by lenders, First Direct is required to report accurate information to the credit reference agencies about how someone has managed their account. And I'm satisfied the default accurately reflects how Mr A has managed his account.

The result of all this is that I won't be ordering First Direct to remove the default from Mr A's credit file, because I haven't seen anything to suggest it didn't follow the correct process when defaulting his account.

My final decision

For the reasons set out above, I don't uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 October 2025.

Sophie Wilkinson
Ombudsman