

The complaint

Mr S complains that HSBC UK Bank Plc has reported negative information to the credit reference agencies in relation to a credit card account he had with it.

What happened

In July 2023, a transaction went through on Mr S's account for £25.95. Mr S says that the transaction was fraudulent, and this was later refunded to his account by HSBC. He also thought his HSBC credit card account had been closed at this time, so he didn't expect a transaction to have gone through.

Unaware of the transaction on his credit card account, Mr S didn't make repayments to his credit card, so HSBC reported missed payments to the credit reference agencies. Mr S says the impact of the credit file reporting has been significant. Stating that it has impacted his ability to get both a personal and business loan, which has resulted in him having to hire vehicles at a higher cost.

HSBC agreed that it should have removed the credit file reporting when Mr S first contacted it about the transaction in May 2024, and so it paid him £300 to apologise for this, and it arranged for the negative reporting to be removed.

Mr S wasn't happy with the level of compensation HSBC offered, and so he referred his complaint to this Service. He said that he wanted more compensation and for HSBC to approve a loan for him so he can purchase a vehicle for business use.

An Investigator considered Mr S's concerns; however, they felt that HSBC's offer to put things right was a fair one. Overall, the Investigator found that:

- HSBC had sent Mr S several letters asking him to update his details between November 2023 and May 2024, however Mr S didn't make contact with HSBC until May 2024. If Mr S had contacted HSBC sooner, it might have mitigated the events that took place later – the reporting on his credit file as a result of the transaction he says was fraudulently taken from his account.
- Mr S said he made a payment to pay off the credit card in January 2024. However, the Investigator found that there was no evidence of this payment being made to the credit card. No payment was received until May 2024, which is why missed payments were recorded from July 2023, until the payment had been received to the credit card account.
- The credit file impact should have been removed in May 2024, when Mr S raised his concerns about the alleged fraudulent transaction.
- The screenshot of the information provided about the declined loan application from July 2024 shows that the reason for decline could have been as a result of information on Mr S's credit file. The Investigator found that this should have prompted Mr S to check his credit file, and if he had done this at the time, he would have seen the missed payments.

- It's unclear why Mr S's account was closed, but based on the evidence available, it appears that this was done on the instruction of Mr S.

Mr S didn't agree with the Investigators view. I have summarised his main points below:

- He didn't receive any correspondence from HSBC about pending payments, missed payments or the closure of his account.
- HSBC said it would provide him with a new card, but instead it closed his account.
- A transaction was processed using his card details in 2023, when the card expired in 2022.
- There was no communication regarding the transaction.
- No communication was sent to him about the missed payment.
- He provided detailed information about the impact to him of not being able to take out a loan as a result of his credit file information.

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

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 think it's important to firstly explain I've read and taken into account all of the information provided by both parties, in reaching my provisional decision. I say this as I'm aware I've summarised Mr S's complaint in considerably 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.

In this case, it appears that both parties agree that HSBC didn't contact Mr S about the missed payment – which was a failure on HSBC's part. The parties also agree that HSBC missed an opportunity to correct the credit file information in May 2024, when Mr S contacted it about the transaction. What is left for me to decide here is if what HSBC has done to put things right for Mr S is enough in the circumstances. And if its actions in closing his account were fair and reasonable.

I'll start by addressing the main crux of the complaint here, which I think is about the reporting to Mr S's credit file, which he says led to significant losses when he wasn't able to get a loan – either business or personal – as a result of the information being reported to the credit reference agencies.

The transaction itself took place in July 2023 – I note that Mr S questions how this could have gone through on an expired card. But, in general terms, transactions can still be processed to an account where the card has expired. It depends how the transaction was processed. Ultimately, I haven't seen anything to suggest that HSBC did anything wrong when it processed the transaction in the first instance.

My understanding of Mr S's complaint here is that he believes HSBC's reporting to the credit reference agencies has resulted in him not being able to take out a loan – either a business loan or a personal loan. This has resulted in him incurring various costs for vehicle hire, vehicle damage and not being able to work as a result of having no vehicle.

For me to be able to award all or even some of these losses to Mr S, I'd need to be persuaded that Mr S would have been able to get a loan had it not been for the missed payments reporting. That's because all the financial losses Mr S says he incurred stem from him not being able to get the loans he applied for.

I accept that it's likely the missed payments being reported on his credit file would have been a consideration for any lender at the time and no doubt a negative factor in any lending decision. That said, lending decisions are complex and come down to a great many different factors. I haven't seen sufficient evidence to persuade me that, had it not been for the missed payments being reported, he would more likely than not have been accepted – which is what I'd need to be satisfied of here.

In addition to what I've said here, I think there were opportunities for Mr S to have mitigated the situation. I say this for a number of reasons:

- He didn't make payment to the credit card until May 2024, despite him having been aware of the missed payment in January 2024. While I note that Mr S did make a payment, this went to a different account and not the credit card. And not for the full amount due. I can't hold HSBC responsible for this. Making the payment at an earlier date would have resulted in less missed payments being reported.
- When Mr S's first loan application was declined in July 2024, HSBC explained to him that it might have been as a result of information on his credit file, and ought to have prompted Mr S to check this before making several further applications. It wouldn't be fair for me to hold HSBC responsible for the declined applications after this date, as Mr S didn't take action to check his credit report until much later.
- HSBC asked Mr S for more information when processing one of his loan applications, but he didn't provide it with the information it asked for. So it didn't continue with his application.

Overall then, while I accept that HSBC should and could have done more to remove the negative reporting in May 2024, when it was first notified of the transaction, I'm not persuaded that it not doing this has led to Mr S not being able to get a loan.

I have thought about HSBC's actions to put matters right, paying him £300 and removing the reporting, and I think this is fair in the circumstances. I say this because I haven't seen any evidence of any financial loss as a result of the negative reporting. And while I accept that the reporting would have caused Mr S some distress and inconvenience, I'm satisfied that the £300 is a fair way to compensate him for this.

I have also looked at what happened when Mr S's account was closed. The evidence provided by HSBC suggests that the closure was initiated by Mr S. I accept that Mr S says he didn't do this, and he says that it should have been clear to HSBC that he didn't want the account closing given that he had requested a replacement card. It's difficult for me to know what's happened here – especially given the conflicting information provided by the parties. The notes recorded by HSBC from the time suggest the closure request was processed by Mr S. I can understand why Mr S might be disappointed by having his credit card account closed; but in order for me to make the finding that HSBC had done something wrong here, I'd need to have evidence to persuade me of such. And I'm sorry to disappoint Mr S, other

than his comments, I don't have anything to suggest that HSBC made a mistake in closing his credit card account. And so I can't fairly make the finding that it did anything wrong here.

My final decision

For the reasons set out above, it is my decision that HSBC has already offered enough to put things right for Mr S. So if it hasn't done so already, my decision is that HSBC should pay Mr S £300 and remove the negative reporting from his credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 19 February 2026.

Sophie Wilkinson
Ombudsman