

## The complaint

Mr C complains HSBC UK Bank Plc incorrectly terminated his credit card account and recorded a default with the credit reference agencies (CRAs).

## What happened

The background to this complaint is well known to both parties, so I won't repeat it at length here. As a summary, Mr C held a credit card which is administered by HSBC.

In March 2025, HSBC defaulted the agreement and passed this information to the CRAs, saying it hadn't received payments towards the outstanding balance.

Mr C called HSBC but had difficulties in speaking to the correct team to understand what had happened. As a result, a complaint was raised.

In response, HSBC said it had issued a notice of default and final demand in May and June 2024, as the account had fallen into arrears. HSBC said a payment had been received in July 2024, which while it didn't clear the arrears, appears to have prevented further action such as the defaulting of the account at that time.

HSBC said payments were then missed again in 2025, so it defaulted the account. It said it should have done this in July 2024, as it didn't receive a payment that satisfied the notice of default, so back dated the default to July 2024. It offered Mr C £150 to apologise for any inconvenience when calling to discuss the account.

Unhappy with HSBC's response, Mr C referred his concerns about the default to our Service. He said he'd never received the notice of default or final demand, so it was unfair for HSBC to record the default. Mr C explained the impact this was having on his family, as well as his business.

One of our Investigator's looked into things and thought HSBC had acted reasonably. He said it had sent the notice of default and final demand as expected and as payment hadn't been made, it was reasonable to default the account and share this information with the CRAs.

Our Investigator noted that part of the address HSBC held didn't match the address Mr C provided our Service but said there wasn't anything to say HSBC had recorded the address incorrectly on its systems and as the first line and postcode were correct, it was more likely than not, post would reach the correct address.

Mr C disagreed. He said HSBC had sent letters to the incorrect address, so it hadn't met its obligations. As a result, he said it was unfair to record a default and said this should be removed.

As the matter wasn't resolved, 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've given consideration to the relevant rules and regulations applicable to this complaint and while I may not comment on everything (only what I consider is key) this is not meant as a discourtesy to either party, rather reflects the informal nature of our service.

The crux of Mr C's complaint as I understand it, is that HSBC didn't write to him at the correct address, meaning he didn't receive the notice of default or final demand. Had he received these, he says he would have ensured he bought the account up to date, meaning a default wouldn't have been recorded with the CRAs.

So, I've started by reviewing the address HSBC holds for Mr C and whether it correctly sent the default notice and final demand. In doing so, I'm satisfied HSBC corresponded with the address held on its systems, and I haven't seen anything to suggest HSBC has incorrectly recorded information Mr C has provided. So, on that basis, I don't then find it made an error in writing to the address it held on file for Mr C.

HSBC sent out Service a call recording from 30 June 2023, our Investigator wasn't able to access this, however I have been able to listen to this recording. In the call the call handler confirms the address HSBC holds for Mr C (being the address it sent the default notice to), and Mr C confirms this is correct.

In one of his calls to HSBC on 4 April 2025, Mr C also confirms he's received the statements HSBC sent in relation to the credit card account, and I've seen that the address on these statements is the same as the one HSBC wrote to for the notice of default and final demand.

So, on this basis, I'm satisfied HSBC sent the notice of default and final demand to the address it had been provided, and Mr C has previously received post using this address.

While I appreciate Mr C may not have received the notice of default or final demand, I haven't found this was due to an error by HSBC. It's required to send certain notices in writing and for the reasons explained above, I think they were sent to the address HSBC had to correspond with Mr C.

As a result, I haven't found HSBC made an error in sending the letters to Mr C. I've then gone on to think about whether it acted fairly when defaulting Mr C's account.

HSBC has explained that as the arrears weren't cleared in line with its default notice in May 2024, it should have defaulted the account by July 2024, but as it received a smaller payment from Mr C that month, this appears not to have prompted further recovery action at that time, such as the defaulting of the agreement.

Mr C's account was reviewed again in 2025, when payments weren't received and the decision to default the account was made, which HSBC has now backdated to July 2024.

I appreciate this answer will come as a disappointment to Mr C, but I think HSBC is reasonable in the actions it's taken. Having not received payment in line with the notice of default in May 2024, HSBC was entitled to default the agreement and share this information with the CRAs by July 2024.

In essence the error that HSBC made was in not defaulting the account in July 2024, however I haven't seen this caused Mr C a loss, as no default was then recorded on his file for a number of months.

I'm sorry to hear of the circumstances in early 2025 that led to Mr C being unable to make payments towards his agreement and hope his recovery has gone well. However, as these payments weren't made, this flagged for HSBC to review his account again and the decision was made to default the account.

HSBC initially recorded the default as March 2025 but then backdated this to July 2024. I think this is appropriate as it's a fair reflection of the account history. Added to this, as defaults are typically recorded to CRAs for six years, this means it'll come off Mr C's records sooner.

I realise this won't be the answer Mr C is hoping for and I'm sorry to hear of the impact this has had on him and his family. However, in this complaint, my role is to consider whether HSBC acted reasonably and is passing accurate information to the CRAs and for the reasons I've given above, I think it is. As a result, I can't then say HSBC must remove the default.

In conclusion, while I appreciate this answer will come as a disappointment to Mr C, I won't be asking HSBC to do anything further. I'm satisfied HSBC sent the default notices and final demand to the address it held on file for Mr C and as it didn't receive the required payment was entitled to default the agreement and share this with the CRAs.

### **My final decision**

For the reasons I've explained above, I don't uphold this complaint.

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

Christopher Convery  
**Ombudsman**