

## **The complaint**

Ms B complains that HSBC UK Bank Plc ('HSBC') didn't agree to remove a default from her credit file. Ms B would like this removing given the impact it is having on her.

## **What happened**

Ms B's overdraft facility with HSBC went over its agreed limit. HSBC sent Ms B letters requesting payment, then a formal demand, and in February 2023 HSBC recorded a default on her credit file. Ms B paid the outstanding balance in May 2023, and the default was marked as satisfied.

In July 2025, Ms B complained to HSBC. She accepted the default was correct but asked HSBC to remove it as a gesture of goodwill. Ms B explained the personal circumstances that led to the default and said the default was making it hard for her to move on with her life.

HSBC refused to remove the default and explained why. Ms B then asked the Financial Ombudsman Service to assess whether HSBC had exercised their discretion fairly. Our investigator thought HSBC had complied with their reporting obligations.

Ms B sought an ombudsman's decision. She said HSBC hadn't properly considered her circumstances and vulnerability, and that the default was disproportionate. She asked whether the impact or duration of the default could be reduced, stressing how it was affecting her ability to get finance.

## **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 taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I am sorry to disappoint Ms B but I've decided not to uphold her complaint. I'll explain why, though I broadly agree with our investigator.

The Financial Ombudsman Service resolves individual complaints based on what is fair and reasonable in the circumstances of each case. We don't interfere with a firm's processes, systems or controls, nor can we fine or punish a business. Those are considerations for the Financial Conduct Authority ('FCA'), as the regulator.

I agree that HSBC are under an obligation to pay due regard to Ms B's circumstances and treat her fairly. But I don't agree this means HSBC are obliged to consider removing a default as a gesture of goodwill.

HSBC are expected to follow the guidance issued by the Information Commissioner's Office (ICO) when reporting information to the Credit Reference Agencies ('CRAs'). The ICO says

*“data that is reported on your credit file must be fair, accurate, consistent, complete and up to date.”*

Ms B doesn't dispute the default is accurate, so I haven't needed to consider that point further.

Accuracy doesn't always mean fairness. But in this case, I think the default marker is fair. There's evidence that HSBC followed their process for defaulting Ms B's account and Ms B was given opportunities to avoid the default.

I recognise Ms B feels she's being punished, and that the default is disproportionate, but the purpose of credit reporting is to give an accurate picture of how an account's been handled. This means I wouldn't expect HSBC to remove the default early, even though the debt has been paid and it's hard for Ms B to obtain credit. HSBC updated the default to show it is satisfied, so their report is complete and up to date. Overall, I think HSBC are reporting a fair and accurate picture of what's happened with Ms B's account.

I've considered whether the default could be backdated, so it would be removed from Ms B's credit file sooner. The ICO expects a default to be reported after at least three months of arrears. Given HSBC's demand for payment expired in October 2022, I think the date HSBC used for the default is fair.

I understand this situation has been upsetting for Ms B, and she wants to move on financially. I think HSBC reasonably considered whether Ms B's circumstances were exceptional, and if an internal review of their credit reporting was justified. I don't think their response was unfair, given many people who default will experience difficult personal circumstances. Ultimately HSBC declined to interfere with the information they are obliged to report, and I don't think that's unreasonable.

I am sorry that I can't assist Ms B, but I can only ask HSBC to change what they are reporting if there are grounds to do so. I think HSBC have met their reporting obligations and have acted fairly towards Ms B here, so I don't uphold Ms B's complaint.

It may help Ms B to know she can place a notice of correction on her credit file to give context to HSBC's entry. To do this, she would need to contact each of the main CRAs.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 10 March 2026.

Clare Burgess-Cade  
**Ombudsman**