

## **The complaint**

Mr K complains HSBC UK Bank Plc made an error when they told him his overdraft had been fully paid off, when it hadn't.

## **What happened**

Mr K had a current account with an overdraft with HSBC. In November 2023 they decided to close his account and asked for immediate repayment of the overdraft. Mr K did this on 16 November 2023 and then called HSBC to check nothing more was owed on 20 November 2023.

In October 2024, Mr K's existing mortgage ended, and after making a number of unsuccessful applications, got his credit report. This showed HSBC had reported an outstanding balance against his account – so he complained.

HSBC said when Mr K called on 20 November 2023 the adviser should have told him there was a further £9.33 due on 9 December 2023 but didn't. They were sorry for this, had provided feedback, and credited Mr K with £75 while also arranging to clear the outstanding balance.

Unhappy with this Mr K asked us to look into things. One of our Investigators ultimately upheld Mr K's complaint and awarded £200 compensation.

HSBC accepted this, but Mr K didn't, saying because of HSBC's error he'd had to incur higher interest costs on his mortgage than he otherwise would have. So, he asked for an Ombudsman to consider the complaint. It's now been passed to me to decide.

Before deciding the case, I arranged for us to ask Mr K for all evidence he had to support his claim this issue had led to the mortgage being turned down – explaining that asking for this didn't mean the outcome would change.

All of this information was then shared with HSBC, to ask if they wanted to make an offer to settle the case. They replied and said no, as they didn't think it'd been proven their error was the sole or main cause of Mr K's mortgage applications failing. Because they've said no, I need to formally decide the outcome of the case.

## **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 explain I've considered all of the information provided by both parties in reaching my decision. If I've not reflected or answered 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.

HSBC have accepted they made an error which led to information being recorded on Mr K's credit report incorrectly. Mr K says this led to his mortgage applications being turned down.

Mr K has provided a lot of information – proactively and when asked – which I thank him for as I know that'll have taken time to pull together.

The information shows he applied for mortgages before the account issue was rectified – and they were turned down. The information also shows after the account issue was rectified he received two mortgage offers.

At face value, I completely understand why Mr K would say this was entirely due to HSBC's error.

But, to uphold a complaint where I'm satisfied an error led to a mortgage being turned down I need clear evidence that shows that. Mortgages being turned down before – and then being accepted later – could be for a variety of reasons, most of which could be nothing to do with a customer's circumstances. Mortgages sometimes have over 100 different considerations, mortgage lenders will sometimes change their internal criteria – and all of this isn't something they'd share.

Here, Mr K is focusing on the error HSBC made and the impact to his credit report. But I think the impact to his credit report is very limited in nature.

The report shows a balance of £9. But crucially, it doesn't show as being in arrears, defaulted, or any other kind of typical 'negative' credit reporting you might see. In the circumstances, although there was an outstanding balance, HSBC haven't reported it as such. So, I don't think I can reasonably uphold Mr K's complaint purely on this basis.

I've also considered the email rejections Mr K has provided. The most relevant is from a company I'll refer to as T. The reason this is most relevant is because Mr K then got an offer from T and took out a mortgage with them. The rejection email from T does refer to credit reports having the potential to impact mortgage applications. But, it also says they make sure only to lend to people when they're sure they can comfortably afford to repay.

I've next considered the other two mortgage rejection emails – and neither of them even mention that Mr K should check his credit report.

If information on Mr K's credit report was the key reason for three mortgage companies turning him down for a mortgage, I'd expect every company to have at least mentioned he should check his credit reports – but only one has.

Pulling all of this together, I can't see that Mr K had any negative information – as I think most people would understand it – recorded on his credit report. The mortgage application rejection emails don't specify the reason for turning him down was due to information on his credit report – and two of the three don't even mention it.

Given all of this, I don't think I can fairly say HSBC's error did lead to Mr K's mortgage applications being turned down. But, I do think the impact on Mr K was greater than the £75 HSBC initially awarded. I say that because – even though I don't agree with him – Mr K genuinely believes the reason he's had so many problems with his mortgage applications is due to the error HSBC made. For that reason, I'm satisfied the impact on Mr K is worth £200 compensation.

**My final decision**

I partially uphold this complaint and require HSBC UK Bank Plc to pay Mr K £200 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 December 2025.

Jon Pearce  
**Ombudsman**