

The complaint

Mrs M complains about a default recorded on her credit file by HSBC UK Bank Plc (HSBC).

What happened

In January 2022, HSBC recorded a default with the credit reference agencies in relation to Mrs M's credit card account. This occurred after Mrs M stopped making the minimum payments towards the credit card in August 2021.

Mrs M took out her credit card with HSBC in November 1998. She says she was in long-term arrears and reduced-payment arrangements on her credit card account since the early 2000's. Mrs M further states she recalls that the account was defaulted around that time. So, she raised a complaint as she did not find it was fair for the same account to be defaulted again.

HSBC reviewed Mrs M's concerns and issued its final response letter in August 2025. It said the default was applied in 2022 following a default notice and final demand letter sent in December 2021. It said as no communication or payment was received, the account was closed and a default recorded. HSBC further said it could not find any record of a previous default.

Unhappy with this outcome, Mrs M brought her complaint to our service. Our investigator reviewed the complaint and didn't find that HSBC had treated Mrs M unfairly. She said payments were made towards the account until August 2021. After this, payments were missed. HSBC sent out missed payment notices before sending a default and final demand letter. The account was defaulted in 2022 and subsequently moved to HSBC's repayment services team before being sold on to a third-party debt collection company. In the circumstances, our investigator didn't think the default had been applied unfairly and confirmed she thought the application of the default was an accurate reflection of Mrs M's credit history.

Mrs M asked for an ombudsman to consider her complaint. She said her account first fell into arrears in the early 2000's and as far as she recalls, a default was registered at that time. Mrs M says it is unfair for HSBC to record a default again for the same debt, because it no longer has records of the previous default registered. Mrs M says her account was closed, her credit facility was terminated and as making a reduced payment cannot re-instate a debt, she has been treated unfairly by HSBC. So, the complaint has now 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 would like to start by saying that I have provided a brief summary of the events that occurred. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

The main crux of Mrs M's complaint is that she feels it is unfair for HSBC to apply a default on an account which she says has already previously been defaulted and closed. I will address these concerns first and then move on to what has happened in 2021/2022.

HSBC has said it cannot find any trace of a previous default recorded. Mrs M has complained that HSBC cannot locate earlier records and is treating her unfairly as a result. I do not find it unreasonable for HSBC to hold limited information from over 20 years ago, and I note Mrs M has also not provided any evidence to substantiate her complaint. She has relied on her memory of events occurred to raise her complaint.

We have been provided with statements that show that between early and mid-2021, Mrs M was making the minimum payments towards her credit account by direct debit. HSBC did not have Mrs M's current address and so I find it unlikely it would have been able to obtain and set up a direct debit without Mrs M's knowledge or consent. It is much more likely that the account never closed, and the direct debit had been running for a long time. Mrs M should have been aware of this as she would have seen a regular payment being made to HSBC on her bank statements. Without evidence to confirm the account was closed or defaulted, I find it reasonable to assume that it did not based on the information I do have.

As far as I can see, Mrs M was making the minimum payments towards her credit card account until August 2021. Mrs M says she was only making minimum payments in the early 2000's to bolster her argument that she was in arrears on the account before 2021. A minimum payment is the smallest amount a credit card company will accept to deem the account to have been kept up to date. Customers may wish to pay more to reduce the interest they owe but they do not have to. Minimum payments do not qualify as reduced payments. Making a minimum payment towards a credit card is a sufficient form of payment and will not result in missed payment markers or a default being applied.

From August 2021, payments started to be returned unpaid as there were insufficient funds in Mrs M's debit account to fulfil the minimum payments. HSBC started to send out missed payment notices in August, September, and October 2021. In November 2021, a default notice was issued and in December 2021 a final demand for the full balance owed on the account was sent. The default was then applied and the account sent to HSBC's repayment team.

The action taken here by HSBC is as per the guidelines set out by the Information Commissioner's Office (ICO) and I cannot see that HSBC has treated Mrs M unfairly in how it has handled the account. I appreciate Mrs M did not receive the letters, but they were sent by HSBC as required by the ICO and I find that it was Mrs M's responsibility to keep her address updated with HSBC.

I understand Mrs M will be disappointed by this outcome as she feels she should not be defaulted on the same account twice. I would like to make clear to Mrs M that if she was defaulted on the same account twice then I would agree this was unfair. However, in her case there is no evidence that suggests a default has been applied twice. The evidence we do have suggests the account has been running for a long time with her making the minimum payments. And in the absence of any other information or evidence, I find that HSBC has treated her fairly and reasonably overall.

My final decision

My final decision is that I do not uphold Mrs M's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 16 March 2026.

Vanisha Patel
Ombudsman