

The complaint

Mr B complains HSBC UK Bank Plc closed his credit card account, and the impact this had on his credit file. He'd like compensation.

What happened

Mr B held a credit card with HSBC, until July 2025 when they wrote to him to say they would be closing the account in two months' time.

However, the account didn't close, and Mr B was charged the annual fee of £290, along with two late payment fees. Late payments were recorded on Mr B's credit file. Mr B cleared the balance by paying £350 to the account – but was unhappy with what had happened and complained to HSBC.

HSBC responded to say it was an error his account hadn't been closed when it was – and agreed to reimburse the amounts Mr B had paid as well as amend his credit file.

Mr B remained dissatisfied with this and referred his complaint to our service. He said he thought HSBC had relied on information they had unlawfully received about a vacated conviction. He didn't think the account should have been closed.

One of our investigators looked into what happened but didn't see HSBC needed to do anything further. She reasoned HSBC were entitled to close the account, in line with the terms. And she thought HSBC agreeing to refund the fees and amend his credit file was reasonable.

Mr B disagreed, saying our investigator hadn't addressed the information sharing he believed was unlawful. He also submitted evidence of consequential losses, he believed were related to the late payment markers. But our investigator didn't agree this changed anything.

As no agreement could be reached, the complaint was passed to me to decide. Upon review I issued a provisional decision that said:

Mr B has raised concerns around the lawfulness of HSBC's actions, about whether information shared by an overseas HSBC entity can be relied upon. I should explain our service isn't a court – we can't decide on the lawfulness of HSBC's actions. So, this isn't a finding I can make for him. Instead, it's our role to resolve complaints quickly and with the minimum of formality, however I consider it to be fair and reasonable. This considers the law, but all various regulations, industry codes, and what would be considered good industry practice.

HSBC, like all credit card providers, have a broad commercial discretion over who they provide lending to and on what terms. If they have decided to not to lend any further, it would be exceptionally rare for our service to say they should, and not without very good cause. Instead, I look to see any closure is carried out in line with the terms that govern the account.

Here, the credit agreement says HSBC will provide two months' notice before ending the agreement – although it may continue until everything owed is repaid. Here, I can see HSBC provided the required two months' notice the agreement was ending. So, I'm satisfied they've done what I would have expected.

In his response to our investigator's opinion Mr B has said he accepts HSBC had the commercial discretion to close his account. Overall, I find HSBC's decision to end the credit agreement to have been reasonable, and in line with the terms.

But it's accepted HSBC didn't close the account when they said they would – the account balance was nil, so there was no need for it to remain open. This ultimately led to the annual fee being charged and missed payment fees and markers being applied. Mr B had to make a payment towards the account that should have been closed. HSBC have already accepted this was a mistake on their part and have taken steps to rectify this – in refunding the fees and removing any adverse information from his credit file. I think these steps are reasonable.

I've considered Mr B's evidence for consequential loss – such as his evidence of declined applications and a reduction in credit limit on another card. But the declines relate to business lending for his limited company. And the email about the credit limit decline is from the company's small business team.

Ultimately this complaint I'm considering is from Mr B personally, about issues arising from his personal credit card account. And his limited company is a separate and legally distinct entity from him personally – and as such I cannot consider losses or impact on his company as part of this complaint.

HSBC agreed to amend the credit file at the first instance, and the evidence of significant impact on Mr B personally is limited. But I'm minded he has been inconvenienced in having to take time to get his credit file fixed. And he's been deprived of the £350 he paid to clear the account for a period. As such I see that it's reasonable for HSBC to compensate him for this inconvenience.

Currently, in addition to what they have already agreed to do, I see HSBC should:

- *Pay 8% simple interest per annum on the £350 Mr B paid towards his credit card, from the date of payment to the date it was returned to him – I understand this was done in two payments.*
- *Pay Mr B £100 compensation*

HSBC accepted the provisional decision. Mr B didn't respond before the deadline. As such it now falls on me to consider the evidence afresh.

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.

With no new evidence or points to consider, I remain satisfied with the outcome reached in the provisional decision. I'm satisfied it was reasonable for HSBC to take the decision to close Mr B's account, and this was done in line with the terms.

However, I remain satisfied Mr B lost out. The delay in closing the account led to him making an unnecessary payment towards the account to mitigate the impact on his credit file. So, it's reasonable for HSBC to pay 8% simple interest per annum on this amount for the period without the funds. And I'm satisfied it would be appropriate for HSBC to pay him £100

compensation, to reflect the inconvenience and distress of the impact on his credit file.

I remain satisfied that the impact on Mr B's business isn't something I can consider – the business is a limited company. So, as an incorporated body it is a separate and legally distinct entity to him personally. And here the credit card was solely for Mr B's personal use. So, I don't see that it would be appropriate for me to award compensation for the impact to the business.

As such, to resolve this complaint HSBC should:

- Pay 8% simple interest per annum on the £350 Mr B paid towards his credit card, from the date of payment to the date it was returned to him – I understand this was done in two payments.
- Pay Mr B £100 compensation

My final decision

My final decision is that I uphold this complaint, and I direct HSBC to settle it as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 May 2026

Thom Bennett
Ombudsman