

complaint

Mrs C complains about information HSBC UK Bank Plc has recorded on her credit file.

background

Mrs C says HSBC incorrectly applied a default to her credit file as a result of an error. She says this has resulted in considerable and unnecessary stress and costs. She wants the default removed and compensation.

HSBC said in its final response that Mrs C was on a debt management plan. But when the agreed payments stopped it assumed she was no longer on the plan and interest was applied again to her account which became overdrawn. And as part of the collections process a default notice was issued. As the amount outstanding wasn't paid a default was registered on Mrs C's credit file. Although Mrs C says she wasn't aware her debt management company had not made the agreed plan payments HSBC hasn't made an error and the default has been applied correctly. But she was given some incorrect advice about her accounts in a phone call. And it's paid her £200 for any stress and inconvenience caused by this failing.

Our investigator felt this complaint shouldn't be upheld. She said:

- HSBC was receiving small payments each month from Mrs C's debt management company but these stopped in November 2011. It wrote to Mrs C on a number of occasions after that. As nothing was received from her it issued a default notice in September 2013 and sent a final demand. A default was also applied to her credit file on the same day.
- This is frustrating for Mrs C as her debt management company were meant to be dealing with this for her. But it's most likely she would've also received various letters from HSBC and she had the chance to get in touch with it before the default was recorded. She would've likely been aware of the actions HSBC was taking.
- Although Mrs C was under the impression two of her HSBC accounts had been merged there's nothing between HSBC and her debt management company to show this was the case even if the debt management company told Mrs C this had happened. She can't hold HSBC responsible for what the debt management company did or told Mrs C.
- HSBC isn't at fault and hasn't treated Mrs C unfairly. It was right to apply the default. And the £200 compensation HSBC has given Mrs C for the incorrect advice it gave is fair.

Mrs C doesn't agree and has asked for an ombudsman review.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mrs C has provided detailed submissions to support her complaint. I've read and considered them all. But my findings are expressed in considerably less detail. And they focus on what I think are the main issues.

Mrs C's debt management plan was administered on her behalf by a debt management company. As the investigator has said we cannot hold HSBC responsible for what the debt management company did or did not do.

When the payments to HSBC stopped it communicated directly with Mrs C over a period of time. It sent her letters culminating in a final demand. I think that it's more likely she would have received these communications than not. And she would've been aware that no payments were being received by HSBC.

So, whatever she was being told by her debt management company, and whether or not her accounts had in fact been merged, she had ample opportunity to contact HSBC to sort things out.

I realise it is frustrating for Mrs C that a default was recorded on her credit file when she thought she was in a debt management plan. But taking everything into account I think HSBC was entitled to record the default when it did as it accurately reflects the conduct of her account.

HSBC has paid Mrs C £200 for the distress and inconvenience caused by her being given some incorrect information about her accounts. I think that's fair. And although I recognise Mrs C's strength of feeling, anger and frustration I can't reasonably ask it to do or pay any more.

Overall I don't see any compelling reason to change the proposed outcome in this case.

my final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 27 September 2019.

Stephen Cooper
ombudsman