

complaint

Ms J complains that HSBC Bank Plc has caused many problems with her credit card since November 2016. In particular, it failed to send her statements over many months and she couldn't access the account online.

background

Ms J's been banking with HSBC for many years. Since she got a new credit card in November 2016, however, she's had a lot of problems with the account. Firstly, the card expired after just 1 month. Due to technical issues, HSBC re-issued the card several times.

Secondly, Ms J didn't receive any statements for almost a year and couldn't access her credit card account online. This meant she couldn't monitor the account effectively and arrange adequate payments. The minimum payment was taken by direct debit every month, but the balance on the account increased significantly as both Ms J and her partner were spending on the account.

By the time HSBC addressed the problem in August 2017, the balance had risen to almost £3,500 from around £150 in November 2016. The credit limit had also increased from £2,500 to £3,500 over this period.

In response to Ms J's complaint, HSBC agreed to refund the interest on the account from November 2016 to August 2017, sent Ms J the statements for the account and offered her £150 as compensation for the inconvenience caused. It also resolved the technical issues with the card and the online access to the credit card account. But Ms J didn't think this was enough because she now had a large balance on the credit card that she couldn't pay off and was attracting interest. So she came to this service. Our investigator thought HSBC had done enough to put things right so she didn't think the complaint should be upheld. Ms J disagreed and asked for review by an ombudsman. I took a different view and issued a provisional decision setting out my findings on 6 November 2018.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Ms J had no further comments but HSBC sent in extensive comments in response to my provisional decision and follow up. While I've taken those into account and will address them in this decision they don't change my overall assessment of the compensation due to Ms J for trouble and upset though I have amended the period of interest to be refunded in light of the information provided.

It was clear from the statements up to November 2016 that Ms J regularly paid off her monthly balance on the credit card. From that time, however, only the minimum payment was taken by direct debit. Ms J didn't receive statements and couldn't access the credit card account online. Because she wasn't able to verify the transactions on the account over a period of around 10 months, she wasn't able to manage the account as she usually did though she and her partner were able to use the account for purchases.

HSBC's said Ms J could access online banking and could've called to find out the balance on the credit card. But the problem was that Ms J couldn't check her transactions as the credit card account wasn't accessible through her online banking. In those circumstances, I can understand why Ms J didn't take steps to pay the balance monthly when she couldn't

check the transactions. I think this was particularly relevant as she wasn't the only person using the account.

In May 2017, when the balance was reaching the credit limit of £2,500, HSBC increased the limit without consultation which allowed the balance to continue growing despite the problems Ms J was complaining about with the credit card. So I think HSBC was responsible for adding to the scale of the debt when it was getting out of hand.

Because of the building debt, Ms J said she had difficulties paying off the balance on the credit card in full by the time HSBC addressed the issues. Given the size of the debt compared to the usual balance, I've no reason to doubt that. And that debt continued to attract interest. Ms J and her partner had the benefit of the funds to make purchases, so I didn't think HSBC should have cancelled the debt. But I did think it should refund interest.

I understand that a large payment was made earlier this month which means the build up has now been cleared. But I don't think it's fair for HSBC to have charged interest on the debt that built up because of its errors. I recognise that HSBC had offered to refund interest up to the point when the account was sorted out. But I think the high balance made it difficult for Ms J to settle things straight away. So I find that HSBC should refund the interest charged on the account from November 2016 when the problems began until 3 November 2018 when the account was returned to its usual balance.

Sorting out the issues caused by HSBC clearly caused Ms J a significant amount of stress as well as considerable inconvenience. Taking account the length of time it took to sort things out and the large payment she needed to make to settle things, I find that HSBC should pay Ms J a total £500 as compensation for the trouble and upset its errors caused her.

my final decision

For the reasons given above, it's my final decision that this complaint is upheld. HSBC Bank Plc should refund interest on Ms J's credit card from the time the problems started in November 2016 until the large payment on the account in November 2018. In addition, it should pay her a total of £500 for the trouble and upset it caused over a long period. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 10 January 2019.

Susie Alegre
ombudsman