

complaint

Miss S complains that HSBC Bank Plc recorded adverse information on her credit reference file.

background

In 2012 Miss S was made redundant and she faced financial difficulties through no fault of her own. She contacted the bank and it assisted her with other accounts, but as her credit card account wasn't in arrears it wasn't able to offer her a repayment plan at that stage. It also suggested she may be entitled to a PPI refund. Subsequently, in February 2013 the bank wrote to Miss S to say it would defer payments for six months, but that this may lead to the debt being passed to its debt collections team and adverse data being recorded on her credit file.

Miss S's PPI refund came through, after a delay by the bank, in January 2014 and was used to clear her credit card debt. The bank apologised for the delay and paid Miss S £50. In 2016 Miss S complained that the bank had recorded a default and this affected her ability to get credit etc.

The bank said it had recorded the default correctly. The complaint was reviewed by one of our investigators who didn't recommend that it be upheld. He noted the credit report showed a default registered in September 2012 and that this was cleared in October 2012. He thought that the correct date for it being cleared was January 2014, but if he asked the bank to amend the date this would be to Miss S's disadvantage.

He also noted that while Miss S had made some payments in 2013 these had been less than the minimum due and as such this can lead to a default being recorded. He explained that Miss S could add a note to her credit file to explain the situation if she so wished.

Miss S didn't agree with the adjudicator and said he had made an error with some dates.

my findings

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

I would say at the outset that Miss S has sought to repay her debts despite facing most regrettable financial difficulties and I can appreciate her concern over the entry in her credit file. Such an entry is not a reflection on her character, but it is a record of what happened in that she fell into arrears for a period of time regardless of how those arrears came about.

I can see that Miss S's credit card statements for September and October 2012 show she made no payments. The November one shows that bank crediting earlier interest it had charged her and for the following months she made reduced payments. I note, from the bank's records, that the refund of charges and interest was a goodwill gesture. However, I am satisfied that despite this Miss S fell into arrears in the autumn of 2012 and the bank was right to record her account as being in default in September 2012.

That said I believe the bank has made some errors, but these have, in fact, worked to Miss S's advantage. The debt was cleared in early 2014 when the PPI refund came through. I gather the bank was slow to process that claim and I suspect it may have back dated the

entry on Miss S's credit file to show the default had been cleared before the debt was paid in early 2014. Entries on a person's credit file drop off after six years and if I required the bank to amend the clearance date to early 2014 it would delay the time the default dropped off the record. I don't propose to do that.

In summary Miss S did miss some payments through no fault of her own which led to the entries in her credit file. But I cannot require the bank to remove the record of the non payment simply because Miss S's plight wasn't of her own making.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 8 May 2017.

Ivor Graham
ombudsman