

Complaint

Mrs B complains that HSBC UK Bank Plc reported arrears to the credit reference agencies in relation to a personal loan.

Background

The background to this complaint and my initial conclusions were set out in my provisional decision dated 15 January 2020 – a copy of which is attached and forms part of this decision. In my provisional decision I explained why I didn't think Mrs B's complaint should be upheld. I invited both parties to provide any additional comments or information they wanted me to consider before I made my final decision.

After the investigator contacted Mrs B to check she'd received our provisional decision another copy was emailed on 21 January 2020. We haven't received any further comment from Mrs B. HSBC responded to confirm receipt of the provisional decision but made no comments.

My findings

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

As Mrs B didn't respond and HSBC hasn't provided any new information I see no reason to change the conclusions reached in my provisional decision dated 15 January 2020. I remain of the view that HSBC dealt with Mrs B's complaint fairly so I'm not telling it to take any further action.

My final decision

My decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 2 April 2020.

Marco Manente
Ombudsman

Copy Provisional Decision dated 15 January 2020

Complaint

Mrs B complains that HSBC UK Bank Plc reported arrears to the credit reference agencies in relation to a personal loan.

Background

Mrs B took out a loan in 2013 with HSBC but in 2016 her personal circumstances changed and she wasn't able to continue working. Mrs B spoke with HSBC in November 2016 and discussed her payments and explained she was looking for work. As Mrs B had no income at the time a payment plan wasn't possible. HSBC wrote to Mrs B on 17 November 2016 and said it wouldn't contact her about the loan for two months in order to provide some support.

Mrs B spoke with HSBC again on 12 January 2017 and explained that she was still looking for work. HSBC wrote to Mrs B again on 16 January 2017 and said it would put collections activity on hold for another two months.

On 8 March 2017 Mrs B asked HSBC to discuss her loan with Mr B, her husband. Mrs B had found a new job and wanted to make arrangements to start payments again. During the call HSBC completed a budget planner to check what payments were affordable. But the budget planner showed that Mrs B couldn't afford to make her full repayments or pay off the arrears.

HSBC set up an arrangement for £138 a month and said Mr B was able to make manual payments into her account to help with the repayments as well.

In May 2017 HSBC sent Mrs B a formal demand. Mrs B's payments increased and over the following months the arrears and loan balance were repaid. The loan was fully repaid by the end of its original term, in October 2017.

Mrs B later complained as she found HSBC had recorded arrears with the credit reference agencies. HSBC didn't uphold Mrs B's complaint and said the arrears information accurately reflected how her account had been handled. Mrs B referred her complaint to our service and it was passed to an adjudicator.

The adjudicator upheld Mrs B's complaint as she didn't feel HSBC had done enough to tell her about the impact of the missed payments on her credit file when she called to discuss her options in November 2016. HSBC didn't agree and asked to appeal so the complaint has been passed to me to make a decision.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I'm very sorry to disappoint Mrs B but, having done so, I've reached a different decision to the adjudicator. Based on what I've seen so far, I'm not persuaded that this complaint should be upheld.

Mrs B says she wasn't made aware of the impact of the missed payments on her credit file when she spoke with HSBC and that its letters didn't make it clear. Unfortunately, we don't have a call recording from November 2016 but I have seen contact notes. The contact notes say that Mrs B called HSBC and explained she wasn't working and couldn't make her monthly payments. Mrs B said she had no income which meant there was no benefit to completing an income and expenditure assessment. In order to provide some breathing space, HSBC wrote to Mrs B and confirmed no payment arrangement was in place but that it wouldn't contact her for two months. The evidence I've seen is clear in showing that Mrs B's income stopped which meant she wasn't able to afford her monthly payments.

HSBC's call notes say that the collections process was explained to Mrs B during her call on 15 November 2016. And I think it's reasonable to take into account that HSBC's collections staff would be very aware of the impact of missed payments and payment arrangements on borrowers' credit files. Mrs B says that she wasn't told about the impact of the missed payments, but I think it's more likely than not that HSBC did tell Mrs B that whilst it wouldn't contact her about the missed payments they would be reported to the credit reference agencies.

Even if I were to accept that HSBC didn't talk about Mrs B's credit file in November 2016 I'd still have to consider what she would have done differently if that information had been provided. Mrs B told HSBC she had no income and no options to make repayments. So it appears that the loan would always have gone into arrears, regardless of the information about credit files provided by HSBC in November 2016 and during subsequent conversations. HSBC's loan terms allow it to report information about the loan payments to the credit reference agencies so I can't say it's acted unfairly by doing so. From what I've seen, I think it's been established that Mrs B was experiencing financial difficulties and wasn't able to maintain the loan. The information reported to the credit reference agencies accurately reflects that situation.

I have been able to listen to calls from 8 March 2017 and 5 June 2017. During both these calls Mrs B's credit file and the loan arrears are discussed. I appreciate the call recordings don't go back to November 2016 but the calls I have listened to show HSBC explained the information it reports on customers' credit files correctly.

I'm very sorry to disappoint Mrs B but I haven't found grounds to uphold her complaint. I understand she wants to apply for a mortgage and is concerned about the impact of the arrears. But HSBC is obliged to report accurate information about the loan payments to the credit reference agencies. I've looked at all the available evidence and I think it's more likely than not that HSBC did tell Mrs B that her missed payments would be reported as arrears throughout the process.

As I've said above, Mrs B's options appear to have been very limited at the time and she wasn't able to afford the loan payments. I'm satisfied the arrears information reflects that. As I think HSBC has dealt with Mrs B's complaint fairly I don't intend to tell it to take any further action.

My provisional decision

My provisional decision is that I don't intend to uphold this complaint.

Mrs B and HSBC have until 29 January 2020 to send me any additional comments or information they would like me to consider before I make my final decision.

Marco Manente
Ombudsman