

complaint

Mrs H complains that HSBC Bank Plc treated her unfairly when her debt was being handled under a debt management plan because it continued to receive money after it wrote the debt off and has put a default marker on her credit file.

background

Mrs H was struggling with her finances so she asked a debt management company to help her sort things out. At the time, Mrs H had an outstanding debt with HSBC so the debt management company contacted HSBC to arrange a payment plan in March 2017. At that time, the account was frozen so no more charges or interest were applied. In April 2017, HSBC received notice that the debt management company had set up a repayment plan with Mrs H's debtors. But HSBC didn't feel the amount being paid was enough so it sent her a default notice in June 2017 giving her 21 days to pay it off.

HSBC decided to write off the debt in September 2017 because no substantial payments were being made and the outstanding balance was only around £112 at that time. But Mrs H complained that HSBC passed her debt to a debt collection agency and continued to take payments from her account. She also said an adviser was rude to her when she called to sort things out. HSBC investigated the complaint but didn't think it should be upheld. So she brought her complaint to this service. Our investigator didn't think HSBC had acted unfairly so Mrs H asked for review by an ombudsman.

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 can understand it's been a difficult time for Mrs H because of her financial difficulties, but based on the evidence I've seen, I don't think HSBC as treated Mrs H unfairly and I'll explain why.

HSBC's tried to find the call Mrs H complains about with the adviser but it hasn't been able to identify the call in their call log based on the information she's provided. Therefore I'm not able to reach any conclusion on this part of the complaint.

HSBC's confirmed it wrote Mrs H's debt off in September 2017. The debt management company's told us that any payments made to HSBC would've been part of an overall repayment plan organised by it with Mrs H's creditors rather than extra payments. So any payments made wouldn't have been requested by HSBC and I don't think Mrs H has lost out financially as a result. So I don't think HSBC's acted unfairly.

Mrs H is unhappy that her credit record shows the debt was defaulted because she says it's now been written off. But the debt was written off because of a default. The records need to be an accurate record of Mrs H's financial affairs. Therefore the default record will remain on her credit file for six years from the last default and I don't think HSBC's acted unfairly in its reporting to credit reference agencies.

my final decision

For the reasons given above, it's my final decision that this complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 6 March 2019.

Susie Alegre
ombudsman