

complaint

Mr L complains that HSBC Bank plc unfairly registered a small debt against his name without his knowledge, resulting in his credit score being badly affected.

background

Three debit card transactions for foreign road tolls were made on Mr L's account, totalling £93.65. Mr L says that he did not make those transactions, and was unaware they had been made.

HSBC did not tell Mr L about the debits at the time, and registered the £93.65 as an unpaid debt on Mr L's credit file. Mr L says that he first became aware of this when he was trying to raise finance for a business project and was turned down. He says he was obliged to raise the money in a different way with more onerous conditions and a higher cost. He would like HSBC to compensate him for his losses.

HSBC apologised to Mr L and agreed to remove the debt registration. It also offered him compensation of a total of £1,000. Mr L did not consider that this was enough to compensate him for his business losses from the registration and so brought his complaint to this service.

An adjudicator investigated the complaint. From the overall evidence obtained from Mr L, his finance broker and HSBC, the adjudicator concluded that HSBC's offer of £1,000 represented a fair settlement for the consequences of the debt registration. There had also been problems on HSBC's part in removing the registration as promised, and the adjudicator decided it would be fair for HSBC to meet Mr L's costs for monitoring his credit file.

HSBC agreed to the adjudicator's recommendation. Mr L did not agree and asked for his complaint to be reviewed by an ombudsman. He submitted a timeline of events and repeated his concerns that HSBC cannot seem to manage to remove the debt from his credit file without it being automatically reinstated. He also said that the information provided by his broker is wrong, and restated his views about the potential business funding that would have been available to him but for the debt registration.

As well as providing further representations about the merits of his complaint, Mr L also cited certain parts of HSBC's evidence which he considered it was not entitled to provide in support of its case and which he did not regard as relevant to his complaint. I agree with Mr L that this material should be disregarded for the purposes of this complaint and I confirm that I have not taken account of it during my review of the merits.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

It is not in dispute that Mr L was not made aware of the debit card transactions, and that they had been registered on his credit file as a bad debt. I have very carefully considered Mr L's account of the consequences of this and, in particular, the effect it had on his ability to raise finance for business projects.

At Mr L's request, we also obtained information from his finance broker about the specific nature of the finance and whether (and what) alternatives would have been available but for the £93.65 debt registration.

I accept that the registration adversely affected Mr L's credit file. But I am also satisfied, from the evidence, that there were other important financial and commercial factors that were relevant to the type and cost of the finance that Mr L wanted to raise.

I find that those factors would have been operative, even if HSBC had not made the registration. I am also conscious that the registration was on Mr L's own credit file, whereas his business is mainly conducted through a limited company. In all the circumstances, I do not agree that HSBC is liable to compensate Mr L to the extent he has claimed and find that HSBC's existing offer is fair in that regard.

I am, however, concerned at HSBC's apparent inability to get the registration removed without it coming back again. I can understand why that worries Mr L, and I note that HSBC has agreed to pay his past credit file monitoring costs as the adjudicator asked.

I would draw HSBC's attention to the fact that my award includes a direction that it must now successfully remove the registration. HSBC has not, as yet, been able to satisfy me that there will be no further recurrence of the registration – though I note it has undertaken to make every effort to resolve the problem.

I cannot fairly expect Mr L to wait while HSBC sorts this out, and so the redress I have ordered has been adjusted to take account of this factor. Put simply, I have added an inconvenience payment and directed HSBC to pay for an additional period of credit file monitoring.

my final decision

My final decision is that I direct HSBC Bank plc to:

- pay Mr L £1,000;
- remove the debt registration, taking effective steps to avoid it being automatically reinstated on Mr L's credit file;
- pay Mr L £200 in relation to additional trouble caused by the recurring registration and the need to continue to monitor his credit file;
- pay Mr L a total of £359.76 representing monthly subscription fees paid for credit file monitoring services to May 2015; and
- pay Mr L the cost of continuing those credit file monitoring services from May to December 2015.

Under the rules of the Financial Ombudsman Service, I am required to ask Mr L to accept or reject my decision before 14 September 2015.

Jane Hingston
ombudsman