

## **complaint**

Mr M complains HSBC Bank plc failed to update his credit record after he had been discharged from bankruptcy. And it has now offered inadequate compensation.

## **background**

Mr M had a credit card account with the bank.

Mr M was declared bankrupt in 2009. In 2010, his bankruptcy was discharged. Mr M says at that point other bank creditors updated his credit file. But that HSBC failed to do so.

Mr M tried to apply for credit and was declined. He then discovered that HSBC hadn't updated his credit file.

Mr M contacted HSBC. It insisted he provide his discharge letter before it would update his file. Mr M thinks that this is wrong and believes that it should have updated his file in 2010.

HSBC failed to respond to some of Mr M's earlier letters. It offered to pay him £100 compensation. And said it would consider increasing this compensation if Mr M could provide evidence to show it was the HSBC entries on his credit file which caused his applications for credit to be declined.

The adjudicator did not recommend the complaint should be upheld. In summary her view was:

- HSBC acted promptly to update Mr M's credit file once it had seen the bankruptcy discharge certificate; and
- HSBC's offer to pay £100 compensation for failing to respond to some of Mr M's earlier letters was fair.

Mr M disagrees. He says:

- it was wrong of HSBC to require a letter from either the Insolvency Service or the Official Receiver confirming the date of discharge as neither the Insolvency Service nor the Official Receiver provide these;
- the onus is on the creditors to monitor the status of the bankruptcy - proof of this is that 12 other bank creditors all updated his credit file in October 2010, without any communication of the discharge either from the Official Receiver or from him;
- HSBC did not inform him on defaulting the account that it would not update his credit file status on discharge from bankruptcy, unless it received a discharge certificate; and
- it is an accepted practice lenders do not specify or name a specific bank based on whose report they have declined an application for credit.

## **my findings**

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

Mr M has referred to the action taken by other banks. Just because another bank may have actively monitored the insolvency register doesn't mean that HSBC was wrong not to do so.

Even though I can see why Mr M would have liked it to monitor the bankruptcy register it isn't required to do so by the relevant regulator the Information Commissioner's Office (ICO). HSBC did update the status of his account once it had evidence he had been discharged from bankruptcy. This is what the ICO requires it to do.

HSBC didn't respond to Mr M's early letters. This was an error. It has offered £100 compensation. I think this is fair and reasonable.

Mr M doesn't think HSBC was entitled to ask for a letter from the Insolvency Service or Official Receiver as these bodies don't provide these. I have seen a letter from the Insolvency Service to Mr M confirming he was discharged from bankruptcy. I don't think it is unreasonable for the bank to ask to see this.

Mr M thinks he should have been told when his account was defaulted that the bank would need to see proof of the discharge before it would update the credit agencies. I can see how this would have been helpful. But I don't think HSBC was wrong because it didn't tell him.

HSBC also said it would consider increasing the compensation offered if Mr M could show he failed to get credit because HSBC had failed to update his credit files. HSBC doesn't think the information he has supplied shows it was the HSBC entries which caused the decline. I agree. I can see Mr M's point that the lenders wouldn't name the HSBC entries. But - having seen Mr M's credit file - I am not satisfied that if the HSBC entries had been updated that his application for credit would most likely have been successful.

### **my final decision**

My final decision is that HSBC Bank plc has made a fair offer and that it should pay Mr M £100. I simply leave it to Mr M to decide whether, on reflection, he might now wish to accept that in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 December 2015.

Nicola Wood  
**ombudsman**