

The complaint

Miss M complains about adverse information HSBC UK Bank Plc (“HSBC”) reported to the credit reference agencies (“CRAs”) about her personal loan and about the level of service provided.

What happened

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll focus on the reasons for my decision.

What I’ve decided – and why

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

In April 2020 Miss M asked HSBC for a Covid-related payment deferral on her loan because of the impact the pandemic had on her income. HSBC accepted this request and confirmed to Miss M her payment deferral would be for May, June and July 2020. I find this was fair and reasonable. I say this because it was in line with the guidance issued by the Financial Conduct Authority (“FCA”) to provide short term support for people directly impacted by the pandemic. A Covid-related payment deferral allowed customers to make no repayments for three months without their credit file being adversely impacted.

The FCA later updated its guidance to say borrowers could apply for a further three-month payment deferral. This meant Miss M could have extended her payment deferral so it would include August, September, and October 2020. Miss M was in contact with HSBC in July 2020 because a loan payment had been taken in error, but due to a misunderstanding between the two parties a payment deferral extension wasn’t put in place. This was corrected in September 2020 following further contact from Miss M. I’m satisfied this put Miss M in the position she would have been in had everything worked out as it should.

Unfortunately, despite a payment deferral being in place for August, September and October 2020, arrears were reported to the CRAs. This was a mistake. And at the end of the payment deferral Miss M’s direct debit should have been reinstated and the arrears moved back into the loan – neither of these things happened. Over the following months there was much contact between Miss M and HSBC but it wasn’t until March 2021 things were fully corrected. HSBC let Miss M down many times here.

Overall, I’m satisfied by March 2021 Miss M’s account and credit file were in the position they should have been in. But HSBC’s mistakes caused Miss M considerable distress and significant inconvenience. HSBC offered Miss M £400 compensation in January 2021. But as set out above, the matter wasn’t resolved until March 2021. Considering things in the round, I consider £600 compensation – as recommended by the investigator – more accurately reflects the distress and inconvenience Miss M was caused.

Miss M says HSBC’s mistakes impacted her credit file which caused her to lose out on a job opportunity – one she was very much looking forward to. In her submissions to our service

she said she believes fair compensation for this should be at least five years' salary, at £50,000 a year. She later reduced this to, as a minimum, one years' salary. Miss M will undoubtedly be disappointed, but I'm not going to require HSBC to compensate her for the alleged loss of a job opportunity. I'll explain why.

For me to fairly require HSBC to compensate Miss M in the way she has asked, I need to be satisfied the alleged loss exists, it was a direct result of HSBC's actions, Miss M did enough to mitigate the loss, and the loss was reasonably foreseeable to HSBC. I would also add that my role doesn't allow me to compel evidence from third parties, such as the alleged prospective employer. I therefore must make my decision on the evidence available to me, and where said evidence is incomplete and/or contradictory, I must make my decision on the balance of probabilities – in other words, what I consider most likely.

Miss M has provided a letter from her alleged prospective employer. It's dated 26 November 2020 and says, in summary, the job offer made on 20 November 2020 has been withdrawn due to a credit check returning unsatisfactory results. It suggests Miss M look to rectify any credit file errors and they'll possibly conduct another credit check. Miss M says she ultimately lost out on the job opportunity.

I make the following observations:

- Companies House shows Miss M's alleged prospective employer is/was a micro-enterprise with one employee and it operates in the event planning market. My understanding is a company of this nature wouldn't ordinarily conduct credit checks on its prospective employees. And other than the contents of the letter, there is no evidence of a credit check being completed – Miss M's credit file shows no searches between 20 and 26 November 2020.
- Miss M had an existing, personal relationship with the director of her alleged prospective employer. She hasn't hidden this. It does, however, shed some doubt on why Miss M was unable to explain to the director why her credit check returned unsatisfactory, or provide evidence from the director to explain HSBC was solely responsible for Miss M losing out on the job opportunity – something HSBC invited her to do. I've seen no strong and compelling evidence from the alleged prospective employer beyond the letter dated 26 November 2020.

Miss M is claiming significant compensation and the onus is on her to prove her claim. In the absence of strong and compelling evidence, and given my observations as set out above, I'm not persuaded I can fairly require HSBC to pay her what she asks.

I have a great deal of sympathy for Miss M. HSBC let her down repeatedly over a long time, at what must have already been a difficult time for Miss M. Although I'm not requiring HSBC to pay her what she asks, I uphold Miss M's complaint and require it to pay her fair compensation, which in my view is £600.

Putting things right

HSBC should pay Miss M £600 compensation, in total, in recognition of the distress and inconvenience she was caused.

My final decision

I uphold this complaint and require HSBC UK Bank Plc to pay Miss M £600 compensation, in total, in recognition of the distress and inconvenience she was caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 7 July 2022.

James Langford
Ombudsman