

The complaint

Miss C complains that HSBC UK Bank Plc refused to allow her to re-start her loan repayments and complains about the information reported on her credit file about the loan.

What happened

Miss C was unwell in 2020 and via a third-party debt help organisation I will call "D" asked HSBC for a payment holiday. She says that unbeknown to her HSBC did not offer her what she thought D had agreed. Miss C says she tried to speak to HSBC in 2021 when she recovered, about the loan, but it refused to speak to her and wouldn't allow payments to be made which resulted in adverse information being reported to the Credit Reference Agencies (CRA's). She says she was able to restart paying the required monthly loan repayments and says D was wrong to agree to anything but a payment holiday.

HSBC says there was no repayment holiday available, but it agreed with D to place a hold on payments for three months. It says it's not responsible for what D told Miss C. HSBC says it asked for an income/expenditure form before agreeing for the payments to be restarted which it says is reasonable. It says it correctly reported the account arrears to the CRA's but accepts it should have spoken to Miss C when she called it. HSBC has apologised for that mistake and paid £50 compensation.

Miss C had brought her complaint to us and says she didn't receive the £50 compensation. She says she did complete the required income/expenditure form and sent it to HSBC on 7 April 2021.

Our investigator initially thought HSBC wasn't responsible for what D told Miss C and thought it was entitled to ask for the income/expenditure form. The investigator reconsidered his view when he saw the e-mail sent to HSBC enclosing the required form and thought HSBC should remove adverse information from Miss C's credit file from April 2021 and thought she tried to speak to it but it refused to discuss matters with her.

I asked both sides for further information and HSBC accepts that it should consider paying further compensation but says it has reported accurate information to the CRA's unless Miss C would have been able to pay off the arrears in April 2021.

My provisional decision

I issued a provisional decision and said that I was satisfied that there were a number of matters that were not clear which I hoped both sides would be able to provide further information on before my final decision. I was also satisfied overall that this complaint should be upheld.

I saw the medical evidence Miss C provided and said there can be no doubt that she was unwell in the latter part of 2020 and underwent surgery. I had no doubt she was concerned about her finances at that time as she approached D to help her approach her creditors. And I thought she did so to allow her to concentrate on her health and prepare for the surgery. I appreciated that Miss C wanted a payment holiday until she was well enough to restart her

loan repayments but equally, I said I can't fairly hold HSBC responsible for what D told Miss C or agreed on her behalf. I said it was clear that HSBC didn't offer such a payment holiday but did try and help Miss C.

I explained that Banks and building societies should treat customers in financial difficulties positively and sympathetically. And I thought HSBC fairly stopped writing to Miss C and fairly agreed to review the position after a fairly significant time period. So, I thought overall HSBC dealt with the first part of this complaint appropriately and would have acted correctly by reporting the account position to the CRA's at that time. It ought to have been D's responsibility to make Miss C aware that information would have been reported to the CRA's if it was acting on her behalf and I made clear that HSBC wouldn't have known what D told Miss C.

I said there was no dispute here that Miss C contacted HSBC and told it she was ready to restart the loan payments, but HSBC incorrectly told her it couldn't speak to her. I thought it was not clear why that was said but I could see that HSBC accepts it made a mistake and has apologised. I was satisfied the £50 compensation was appropriate for that part of the complaint and could see that Miss C didn't take any real issue about that offer but says it hasn't been paid. I said no doubt HSBC can check the position before my final decision.

I was satisfied that Miss C was trying to engage with HSBC and wanted to re-start the loan payments. And that refusal to speak to her started the series of problems. I appreciated HSBC reasonably asked Miss C to complete an income /expenditure form before the payments were restarted but it's clear she submitted the form. I saw e-mails which confirm the form was sent and a copy of the form. I didn't think HSBC has explained why it appears to have lost that form.

Overall, I was satisfied that in or around April 2021 Miss C wanted to start repaying the loan. She tried to speak unsuccessfully to HSBC through no fault of hers and submitted the form HSBC required. I thought it difficult to see what else Miss C could do in those circumstances to make sure the loan payments restarted. I had no doubt Miss C wanted to avoid adverse information being reported on her credit file longer than it should have been.

I appreciated HSBC says that it has reported accurate information to the CRA's. I agreed it had on face value but provisionally thought such reporting was unfair for the reasons I explained, and that reporting didn't provide the true picture. I thought the position could have been sorted out in April 2021 when the form was lost and when HSBC refused to speak to Miss C. I also appreciated HSBC says it would be unfair to remove adverse information from Miss C's credit file from April 2021 unless she was able to make payments. I didn't think it clear if HSBC means if Miss C was able to repay the arrears in full or re-start the required loan payments. In any event I provisionally thought the fairest approach would be for HSBC to remove any adverse information reported to the CRA's from April 2021 from Miss C's credit file. I thought such approach is the only way of putting Miss C back in the position she would have been in if the form hadn't been lost and if HSBC had spoken to Miss C at that time. I also thought that it likely on balance that if Miss C had been told that she would have needed to increase the monthly payments to remove the arrears (and reduce the time adverse information was shown on her credit file) then I thought it likely she would have done so and had the means to do so.

HSBC has fairly agreed to pay further compensation and I thought it should pay a further £75 compensation in respect of the delay's caused by the lost form and the inconvenience Miss C would have been caused. I thought such an award was fair and reasonable in the circumstances. I appreciated that Miss C is not looking for compensation but for her credit file to be amended. I said I can't fairly order that all of the adverse information is removed as I was satisfied that the information was accurate until the attempts in April 2021 to sort

matters out.

I could see that default notices appear to have been sent to Miss C. I had not seen evidence that the account has defaulted but wanted HSBC to confirm the position before the final decision. I also hoped HSBC and Miss C confirm the up to date loan position.

HSBC has agreed with my view and confirmed the loan is up to date.

Miss C largely accepts my view and she also confirms the loan is up to date. She accepts the problems were initially not caused by HSBC but by D.

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.

Having done so I have come to the same overall view that I reached in my provisional decision and for the same reasons.

Putting things right

HSBC should remove the adverse information from Miss C's credit file as set out and pay a total of £150 compensation. I don't think it is clear if the £75 compensation was ever paid.

My final decision

My final decision is that I uphold this complaint in part and order HSBC UK Bank Plc to remove any adverse information about the loan account from Miss C's credit file from April 2021 on. I also order it to pay further compensation of £75 making a total of £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 30 December 2022.

David Singh
Ombudsman