

## The complaint

Mr C complains that HSBC UK Bank Plc decided to unfairly close his bank account and share incorrect information about him. This negatively impacted his credit file, and caused him significant detriment. He'd like compensation for the impact and his credit file repaired.

## What happened

Mr C had a current account, two savings accounts and a credit card with both HSBC UK. He also had an account with another bank in the HSBC group, based in the United Arab Emirates, which I'll refer to as Bank U.

On 4 February 2021 HSBC advised Mr C that his accounts were being closed in 60 days, on 9 April 2021.

Mr C complained to HSBC. But HSBC thought they'd acted fairly.

Mr C wasn't happy with HSBC's response so brought his complaint to our service. He informed our Investigator that HSBC had also shared information with Bank U about their reason to close his account. And as a result Bank U had decided to restrict then close his accounts, which caused him significant detriment including preventing him from leaving the United Arab Emirates to see his young son in hospital. Mr C has explained that Bank U have since decided to rescind this decision – and keep his accounts open.

Mr C also highlighted that HSBC had removed his £1,000 overdraft without warning, and hadn't allowed him to make repayments towards either his overdraft or his outstanding credit card balance. He advised how this has caused significant damage to his credit rating.

One of our Investigators looked into Mr C's complaint. HSBC accepted that they'd acted unfairly in closing Mr C's accounts. And agreed to reopen them. HSBC also accepted that they'd made errors in their collection of Mr C's debt for both his overdraft and credit card including failing to take payment when Mr C phoned the bank. HSBC explained the blocks have now been removed, and if Mr C phoned HSBC to start making repayments they'd remove any negative information about the debts from his credit file. To compensate for the errors made HSBC offered Mr C £500.

Mr C didn't accept the offer made by HSBC – so our Investigator considered what they'd received from HSBC and Mr C. Having reviewed everything they thought the compensation offer made by HSBC for £500 was fair.

Mr C didn't agree – he was unhappy that our Investigator hadn't taken into account the impact on him from Bank U's actions. He argued that HSBC shared negative, and untrue information, with Bank U – which directly led Bank U to make the decision to close his accounts.

Mr C sent in several documents outlining the impact on him and his family. Including:

- Screenshots showing his credit rating had dropped

- Detail advising that a loan he'd taken out had an increased Annual Percentage Rate (APR) leading to additional charges of £3,000
- Records showing Bank U decided to restrict and close his accounts because of information shared by HSBC UK.

He added that he'd been required to travel to the United Arab Emirates to try to resolve all his outstanding payments with Bank U, was detained for an additional three days there and had to get new flights. Overall this cost him over £5,500.

Mr C asked that HSBC:

- Remove the negative information from his credit file and;
- Compensate him £10,000 for the impact to him and his family from HSBC's actions

Our Investigator shared Mr C's comments and the compensation he requested. But HSBC weren't prepared to uplift their offer.

Our Investigator asked Mr C for further evidence to support his compensation request. Specifically he asked for:

- Evidence of the difficulties Mr C had in renting a property
- Evidence of the challenges Mr C had in obtaining additional credits
- Evidence of the high APR rates Mr C received

Mr C didn't send in any further evidence. Our Investigator reviewed Mr C's request, and thought they'd seen sufficient evidence to show Mr C was negatively impacted by the significant drop in his credit rating. And having done so increased their compensation to £1,000.

HSBC accepted, but Mr C didn't. Mr C hasn't provided any additional comments or sent in further evidence for me to consider.

As Mr C didn't agree it's been referred to me to decide.

### **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.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr C and HSBC have said before reaching my decision.

HSBC have accepted that they acted unfairly in closing Mr C's account. So I don't need to consider whether HSBC acted unfairly here, instead what I need to decide on is the impact on Mr C from HSBC's actions – and what's an appropriate award for this.

### *Freezing of Mr C's account with Bank U*

I've firstly considered Mr C's argument about the impact of HSBC sharing negative information about him with Bank U. I understand that Mr C's very distressed by impact of the restriction of his account by Bank U. Including having to stay for an extended period of time in the United Arab Emirates and being delayed from travelling to the UK to see his hospitalised son. I appreciate that Mr C believes HSBC should be held responsible because they shared information about their reason to close his accounts with Bank U.

I emphasise with Mr C's position but having considered Mr C's argument, I'm afraid this isn't something I'll be able to take into account. I appreciate that Mr C argues, and he's provided some evidence to support this, that Bank U closed his account because of information they'd received from HSBC. But, ultimately it was Bank U who made the decision to restrict and initially close his accounts – not HSBC. They may have done this based on information shared with them from HSBC, but only Bank U have the power to decide whether to restrict an account or exit one of their customers. And it's their responsibility to consider this fairly, and in line with the relevant law and terms and conditions that apply.

It follows, as our Investigator explained I can't consider any impact caused to Mr C from his Bank U accounts being blocked. I'm pleased to see that Mr C has complained to Bank U directly about what happened – and I'd encourage this as the best course of action.

### *Overall impact to Mr C*

I've considered the impact on Mr C's credit rating from HSBC's decision to close his accounts. I can see evidence from Mr C that his credit score dropped from over 900 to less than 300 during 2021. And more importantly looking at his credit files from 2021 and 2023 I can see the only negative information recorded was from HSBC. Mr C's argued that his poor credit score has meant he's been offered significantly higher interest rates on loans he's applied for. He says this cost him £3,000. Our Investigator asked Mr C for evidence of applying for credit and the increased costs incurred but this hasn't been received. As I haven't seen evidence of any loans Mr C's taken out I won't be able to make a direct award, for financial loss, to compensate Mr C for the increased costs he incurred when taking out a loan.

I've also not seen any evidence showing the challenges Mr C's experienced in obtaining credit or renting a property due to his low credit score. But, despite this looking at Mr C's credit file I think that it's likely he's been impacted by the negative information recorded by HSBC.

I'm also satisfied that Mr C experienced inconvenience, and distress, when he attempted to make repayments towards his overdraft and credit card. Mr C's advised our service, and I've seen evidence from HSBC, of phone calls he had with HSBC where he asked to make repayments towards his debts. But, he was informed this wasn't possible.

Lastly, due to HSBC's error, Mr C was inconvenienced by having to find new banking facilities at a time when he was also experiencing difficulties in his personal life through being made redundant. And his son's illness. I appreciate that the loss of his banking facilities at this time would have caused Mr C additional distress.

### **Putting things right**

For the reasons I've outlined above I think HSBC's decision to close Mr C's accounts and their failure to properly collect his debt caused him significant detriment. I understand that Mr C would like to be compensated £10,000. However I'm satisfied that £1,000 is fair

compensation for the impact of their actions.

I also agree, due to HSBC's failure to allow Mr C to make repayments towards his overdraft or credit card, any negative markers should be removed from his credit file.

### **My final decision**

My final decision is I uphold this complaint and I direct HSBC UK to:

- Pay Mr C £1,000 compensation
- Remove any negative information about Mr C's overdraft and credit card from his credit file

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 July 2024.

Jeff Burch  
**Ombudsman**