

## **The complaint**

Mr and Mrs O complain that HSBC UK Bank Plc unfairly declined their current account application.

## **What happened**

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

*In June 2021 Mr and Mrs O applied for a current account with HSBC. In August 2021 HSBC rejected Mr and Mrs O's application. Mr O has told us he contacted HSBC to try and get a better understanding of why their application had been turned down and offered to send evidence to show it should've been accepted. HSBC refused to consider the application further.*

*Mr O has told us HSBC failed to contact him to discuss the application as promised on several occasions. Mr and Mrs O complained and HSBC sent them a final response. HSBC said the application was declined because the credit score wasn't high enough. HSBC offered Mr and Mrs O £75 to apologise for delays in making contact and the service provided but didn't agree to approve the application.*

*An investigator at this service looked at Mr and Mrs O's complaint. In its file submission, HSBC told us the application was declined because the income declared didn't meet its minimum of £1,750, not Mr and Mrs O's credit score.*

*The investigator thought HSBC had dealt with Mr and Mrs O's complaint fairly and didn't ask it to do anything else. Mr O asked to appeal and said his income significantly exceeded HSBC's minimum requirement and he hadn't been asked to provide further evidence. Mr O said HSBC has asked for evidence of his wife's pension income and failed to call him back when he enquired about the application. As Mr and Mrs O asked to appeal, their complaint has been passed to me to make a decision.*

## **What I've provisionally 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've reached a different view concerning Mr and Mrs O's complaint. Based on the information provided so far, I don't agree that HSBC treated Mr and Mrs O fairly. I intend to uphold this complaint.*

*There are several issues at play in this case. But the main focus relates to whether HSBC acted fairly and in line with its lending criteria when it declined the application in question. HSBC's told us its lending criteria required a minimum deposit of £1,750 a month into the account and that Mr and Mrs O's income wasn't sufficient to reach that. But Mr and Mrs O have pointed out their income more that exceeds the minimum requirement.*

*I can see that HSBC had a private pension statement on file for Mr O that showed he receives a monthly income that's within £75 of its minimum requirement. Mr O has confirmed HSBC contacted him a couple of weeks after the application was made and asked for his wife's pension statement. Mr O has explained he called HSBC back on four separate occasions for clarification and was promised a call back. But no calls were made and HSBC simply went on to decline the application around six weeks later. HSBC cited Mr and Mrs O's credit score as the reason, but has since confirmed it was the income figure recorded.*

*I believe Mr O when he says he contacted HSBC. And it's unclear why HSBC didn't ask Mr O for additional evidence of his income as well. The application I've seen just contains an income figure of £40,000 for Mr O but HSBC only had evidence of part of that figure.*

*In my view, the application process wasn't handled in a clear and efficient way. Mr O doesn't appear to have been given clear updates or guidance concerning the status of his application. When he called to ask reasonable questions, no call backs were received. And when the application was finally declined Mr and Mrs O were told it was due to their credit score, which was simply not the case.*

*HSBC's case handler has told us it needed pension statements from Mrs O, in line with its lending criteria. While that may be the case, I think HSBC should've also gone back to Mr O to request further information and evidence to support the income figure he gave. And, if HSBC had called Mr O back during the application process, I think he would've been able to answer its questions and arrange for applicable evidence of his and Mrs O's income to be provided. The information I've seen so far indicates the application wasn't handled with due care and or fairly declined.*

*I also think it's fair to say that telling Mr and Mrs O their credit score was too low to qualify for the account has caused them a reasonable level of distress and inconvenience. The incorrect rationale was given in not one, but two complaint responses and only corrected when the matter was referred to us. I'm satisfied that providing the wrong reason for declining the application over a period of several months caused Mr and Mrs O to unnecessarily review their finances in an attempt to overturn it. I think an award to reflect that, along with the distress caused, is a fair approach.*

*HSBC is free to set its lending criteria in line with its commercial judgment. But I haven't been persuaded that the application was declined on the basis it was correctly assessed. Had HSBC handled the application better, I think it would most likely have answered the income queries.*

*I can't now force HSBC to open the Advance account Mr and Mrs O applied for. Ultimately, we're now a year further along and any account HSBC opens will need to be subject to a new up to date application. I suspect Mr and Mrs O have already made alternative arrangements. But if they wish to apply again, their application will need to be assessed and will be subject to approval by HSBC.*

*As the information I've seen indicates HSBC made mistakes and unfairly declined Mr and Mrs O's application I intend to uphold their complaint. In my view, a settlement of £200 to reflect the level of distress and inconvenience caused to Mr and Mrs O is a fair way to resolve the complaint and recognises the impact of the issues raised. Based on the information I've seen so far, I'm going to uphold Mr and Mrs O's complaint on that basis.*

*I invited both parties to respond with any additional comments or information they wanted me to consider before I reached my final decision. Mr O responded and said that whilst he was pleased their complaint had been upheld he remained concerned at the way it had been*

investigated by HSBC. Mr O also said that HSBC had refused to engage in further dialog once it had responded to their complaint.

HSBC confirmed it had nothing further to add.

### **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'd like to thank Mr O for the detailed response he's given us. I want to explain that we're a free, informal alternative to the courts. Where we find a business' actions have led to a loss, we can award compensation to reflect that. And where we feel compensation should be awarded for the way a business has treated its customers, we can put a settlement in place to reflect the distress and inconvenience caused.

In Mr and Mrs O's case, I've focused on what happened when they applied for a bank account with HSBC and whether they were treated fairly. In line with my provisional decision, my view is that HSBC made errors and caused an unreasonable level of distress and inconvenience for Mr and Mrs O. I felt an increased compensation payment of £200 more fairly reflected what happened. I still think that's a fair way to resolve this complaint.

Mr O has asked detailed questions about the way HSBC dealt with their complaint. Whilst I understand Mr O's concerns, the Financial Ombudsman Service can only consider complaint issues that are covered by the rules. I need to explain to Mr and Mrs O that "*complaint handling*" by a business in its own right isn't a regulated activity and there's only limited circumstances when we can consider it. The rules are set out in the Dispute Resolution Handbook which is issued by the Financial Conduct Authority.

The issues Mr O has raised in response to my provisional decision relate directly to how HSBC investigated their complaint so don't come under the scope of the rules we operate under. Whilst I know Mr O wants a more detailed investigation into how their complaint was handled, it's not something the rules allow us to deal with. That means I can't consider Mr and Mrs O's concerns relating to how HSBC dealt with their complaint.

I want to assure Mr and Mrs O I've read and considered all the available information in this case. I still think Mr and Mrs O's application wasn't handled efficiently and that their complaint should be upheld, for the same reasons.

### **My final decision**

My decision is that I uphold Mr and Mrs O's complaint and direct HSBC UK Bank Plc to pay them a total of £200 (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs O to accept or reject my decision before 2 August 2022.

Marco Manente  
**Ombudsman**