

The complaint

Mr P complains that HSBC UK Bank Plc ('HSBC Bank') irresponsibly gave him a credit card account that he couldn't afford.

What happened

On 22 November 2018, Mr P's credit card was opened by HSBC Bank with an initial credit limit of £4,000. This credit limit was never increased.

In 2022, Mr P complained to HSBC Bank to say that the account shouldn't have been opened for him because it wasn't affordable and that HSBC Bank ought to have made a better effort to understand his financial circumstances before opening the credit card for him.

Our adjudicator didn't recommend the complaint be upheld. Mr P didn't agree. So, the complaint has been passed 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've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

HSBC Bank will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mr P's complaint is that HSBC Bank made credit available that was unaffordable. HSBC Bank has explained that it relied in part on information that Mr P provided at the time of application to assess affordability. They said they carried out a credit search in Mr P's name to assess Mr P's level of debt at that time and to understand how he had been managing that debt. With that information and using their own scoring metric, HSBC Bank decided to agree to the credit limit of £4,000. So, there was some assessment of affordability at the time of the sale.

The HSBC Bank checks showed that Mr P had over £13,000 in unsecured borrowings. I have noted that Mr P's credit file was very clean at the time of the loan application. When I say this, I mean that Mr P's management of his existing credit showed no recent history of CCJ's, defaults or any late payments. So, it seemed from the credit file that at the point that the lending decision was made, Mr P was affording his existing credit. And so, HSBC Bank were not put on notice of any reason not to agree the lending from that. And so, I don't think

that the information that HSBC Bank had at the time of the lending decision, would have led them to feel they ought to make more searching enquiries of Mr P's expenditure.

Mr P has provided us with some bank statements for his current account with a different bank and they do show some evidence of gambling on them, and of short-term lending. I have to look at the information that was available to HSBC Bank at the time it made its lending decisions and not to use hindsight. I have seen no evidence that Mr P made HSBC Bank aware of his gambling at the time the credit card was applied for. And I have seen insufficient evidence that the other information that HSBC Bank acquired or had presented to it at the time of the lending decision, would have led them to think that the credit they were making available at that time was unreasonable.

In this case, I have noted that at application, Mr P arranged for the majority of his new credit limit to be taken up with a balance transfer. This was treated at 0% interest. So, I don't see the activity on the card as evidence solely of new credit being provided by HSBC Bank, adding to an existing amount of personal borrowing. Instead, the new credit, rather than solely adding to Mr P's burden of credit, it looks like Mr P was taking steps, that could be termed sensible, to manage his existing debt by taking out this card and using it to secure more favourable terms to existing credit. I say that because Mr P would have been saving money on interest he would have been paying elsewhere. So, it doesn't seem automatically unreasonable for HSBC Bank to have facilitated that.

So, having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit HSBC Bank provided to Mr P was unreasonable.

My final decision

For the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 8 December 2022.

Douglas Sayers
Ombudsman