

## **The complaint**

Mrs M complains that HSBC UK Bank Plc lent to her irresponsibly.

## **What happened**

Mrs M applied for a credit card. HSBC approved the application and gave Mrs M a card which had a 0% offer on balance transfers for a year.

Mrs M made a balance transfer of £4500 in February 2022.

Mrs M attempted to make a second balance transfer of £400. HSBC debited her credit card account, but the funds never reached the intended destination.

Mrs M says she only found out after opening the account that she wasn't able to make payments using her HSBC online account. She says this led to a default being registered. Mrs M says that when the direct debit from her HSBC account was set up, she was never informed what her monthly payments should be.

Mrs M complained that HSBC had lent to her irresponsibly. She also complained about the service issues she'd experienced.

HSBC didn't uphold the irresponsible lending complaint. It said it had carried out proportionate checks before lending to Mrs M. In relation to the service issues HSBC said it had recalled the £400 and credited this back to Mrs M. HSBC said that information about how to make payments to the account was set out on the monthly statements.

Mrs M remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint about irresponsible lending. They said that HSBC had carried out reasonable and proportionate checks and that the lending decision was fair. In relation to the service issues, the investigator said that the information showed that Mrs M had been making repayments since April 2022, and that the default had been registered after November 2022, so it didn't appear that the default was due to Mrs M's lack of knowledge about payment methods, but instead was due to Mrs M not making sufficient payments. In relation to the £400 balance transfer, the investigator said that HSBC should've picked up on the payment not reaching its intended destination sooner and said that HSBC should pay compensation for this.

HSBC accepted the investigators view. Mrs M didn't confirm whether she accepted the view or not, so I've been asked to make a 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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website. I've had this approach in mind when considering Mrs M's complaint.

Before agreeing to lend, HSBC needed to complete reasonable and proportionate checks to ensure that Mrs M could sustainably repay what was being lent to her.

There's no set list of checks that a lender has to complete. But lenders are required to have regard to things like the amount being lent. The total amount repayable, the monthly repayment and the consumers individual circumstances when deciding what's reasonable and proportionate.

I've looked at the checks that HSBC carried out. Mrs M declared annual income of £32,000 in her application. HSBC carried out a credit check which showed that Mrs M had unsecured debt of around £15,400. The credit search showed no adverse information.

Based on what I've seen, I think the checks carried out by HSBC were reasonable and proportionate. I also think the lending decision was fair. I say this because there's nothing in the information gathered which suggested that the credit wasn't affordable for Mrs M, or that she was unlikely to be able to sustainably repay the credit.

For these reasons, I'm unable to say that HSBC lent irresponsibly to Mrs M.

### Service issues

Mrs M has told this service that she only found out after she'd opened the account that she wouldn't be able to make payments using her online account. She's also said that she was never informed what her monthly payments would be.

I've reviewed the credit card statements. These show that Mrs M had been making payments since April 2022. So whilst I've got no reason to doubt what Mrs M says about being unable to use her online account to make payments, its clear that she had found an alternative way to make payments soon after the account was opened.

I can see that there was a default registered in or around November 2022. This was because Mrs M's account had fallen into arrears. However, I'm not persuaded that the reason for the arrears was because of Mrs M not being aware of how she could make payments. As I've said above, Mrs M was aware of how to make payments in April 2022. Looking at the credit card statements, I can see that the arrears accrued because Mrs M wasn't making sufficient monthly payments. I appreciate that Mrs M has said that she wasn't told what her monthly payments should be, however, the minimum monthly payment is clearly stated on the monthly statements. So I'm unable to say that HSBC did anything wrong here.

The statements show that in August 2022 Mrs M was 6 months in arrears. I'm of the view that the default registered in November 2022 should be backdated to August 2022.

In relation to the £400 balance transfer which failed to reach its intended destination, HSBC has explained that this was due to the retailer changing its account details. It isn't clear exactly when HSBC became aware that there was a problem with the retailers account. However, it was several months before HSBC recalled the payment. In the circumstances, I think HSBC should've picked up on this problem sooner. I agree with the investigator that HSBC should pay Mrs M some compensation for this.

### **Putting things right**

To put things right HSBC should:

Backdate the default to 8 August 2022

Pay Mrs M compensation of £100

**My final decision**

My final decision is that I uphold the complaint in part. HSBC UK Bank Plc must take the steps I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 11 August 2023.

Emma Davy  
**Ombudsman**