

The complaint

Miss W is unhappy HSBC UK Bank Plc declined her application for an overdraft facility on her student current account.

What happened

The details of the complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my 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.

Having done so, I agree with the conclusion reached by the Investigator for these reasons:

- It's not disputed that when Miss W initially converted her account to a student account, HSBC offered a guaranteed £1,000 overdraft facility on student accounts. It's also not disputed that Miss W opted not to take the overdraft facility at that point.
- When Miss W later applied for the overdraft facility, her request was declined. Miss W has said that it wasn't made clear to her - at the start, that the overdraft facility wasn't guaranteed if she applied later. But to uphold this complaint, I must find that HSBC made an error in its handling of Miss W's student account and her request for an overdraft facility. And I don't find it did. I'll explain why.
- While HSBC guaranteed the overdraft facility on *opening* the account, I don't think that means the guarantee applied when Miss W requested an overdraft facility months later. Even though HSBC didn't specifically highlight this, I find the website makes it clear that the guaranteed overdraft facility was available on application for the student account. I think it's reasonable to assume the offer was put in place as an incentive for students to open its student bank account. Ultimately, I don't find HSBC treated Miss W unfairly, especially as the terms and conditions for the account also state that an overdraft facility is subject to status.
- Even if it did specifically say that the incentive was only available when opening the account, I'm not persuaded Miss W would have done things differently when she applied. I say this because, it's clear that at the time of applying for the account Miss W didn't think she had need for an overdraft facility, and it wasn't until several months into the academic term that she made the decision to apply for it.
- HSBC explained that at the point Miss W requested the overdraft facility it would be subject to credit scoring. I don't find what it said was unreasonable. It's common practice for lenders to carry out checks, including credit scoring to decide whether to accept an application for borrowing such as an overdraft facility. HSBC is entitled to decide who it lends money to and the criteria it has in place for doing so. I haven't seen anything to suggest that HSBC processed Miss W's request for the overdraft

facility incorrectly. I'm satisfied the application didn't meet its eligibility requirements. And I've seen that HSBC explained this reason to Miss W. Therefore, I don't find HSBC's decision to decline Miss W's application was unfair or unreasonable.

- I appreciate this has been a challenging time for Miss W and I understand she has had to borrow money from family and take on employment during term time, but I'm satisfied HSBC has handled Miss W's application for an overdraft facility fairly and reasonably, therefore I can't ask it to do anything differently.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 26 October 2023.

Oluwatobi Balogun
Ombudsman