

## **The complaint**

Mrs S complains about HSBC UK Bank Plc withdrawing her longstanding overdraft without giving a valid reason.

## **What happened**

Mrs S had an overdraft on her HSBC bank account for more than a decade.

In November 2023, HSBC informed Mrs S that they would be withdrawing this facility. They gave her just over one month's notice saying they:

- Often complete reviews
- Look at general account conduct and credit scoring
- Would be withdrawing her £2,500 overdraft on 18 December 2023

This communication caused Mrs S a great amount of anxiety and stress. She explains that a combination of a distressing incident in 2021, which gave her anxiety, and increased living costs impacted on her mortgage and bills and means she relies upon the overdraft facility and may need to use it. So, Mrs S complained to HSBC.

HSBC didn't uphold Mrs S's complaint. They said:

- An overdraft is *'an on-demand type of lending facility, designed to cover short-term borrowing needs'*
- It can be reduced or cancelled at any time as per the account terms and conditions
- *'There are a number of different factors that we take into consideration when reviewing an overdraft, including the way an account is used, how much is regularly borrowed and the credits being paid into the account'*
- They couldn't give a specific reason as their criteria is commercially sensitive

Mrs S feels she's been treated unfairly and hasn't been given a reason for withdrawing her overdraft facility. So, she brought her complaint to our service, but our investigator didn't uphold it.

Mrs S remains dissatisfied. She feels the investigator hasn't considered her mental health, as a result of a 2021 incident, and her financial situation. So, her complaint has been referred to me to look at.

## **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'm not upholding this complaint and I'll explain why.

I'd first like to say I'm very sorry to hear of the 2021 incident and the distress Mrs S has been caused by having her overdraft facility being removed.

Having reviewed the available statements and Mrs S's submissions, I can understand her concern here and comments about her mental health. This is because, prior to receiving an insurance settlement credit, there is evidence that she was relying upon the overdraft. Although she is still in credit, she has medical bills to pay, increased cost of living and her balance is on a downward trend. So, I can understand her being worried about being unable to access credit in the near future.

Regarding Mrs S's reliance on the overdraft, the terms and conditions of her account say;

- *'If you are struggling to run your account in credit and find you're often relying on your overdraft, talk to us. We'll help you to see if there are better ways to manage your finances. Overdrafts are just one option, and something else may work out cheaper'*

And further to this, and prior to their removal notification, it's clear HSBC had concerns about Mrs S's overdraft. I say this because HSBC sent communications in February, May and August 2023 when Mrs S was consistently using most of her overdraft. In these communications they said:

- They'd previously informed her the overdraft was 'under review'
- They wanted to talk to her about her *'current usage'* and wanted to understand her commitments and any other credit
- *'The usage of your overdraft is higher than we'd currently like to see in relation to your current limit'*
- Following a review they were concerned about her usage and would like her *'to try and keep your overdraft borrowing within £0'*.

So, although HSBC can't share their confidential criteria, considering HSBC had been expressing concerns about Mrs S's overdraft usage for some time, I think HSBC's *'general account conduct and credit scoring'* gives adequate explanation for their action. And I don't think Mrs S should've been surprised to receive the November 2023 communication.

Also, in their communications they:

- Explained their overdraft service is a *'short-term way to borrow money on your current account and can help in months where there are extra expenses and unplanned events but it isn't designed for long term borrowing and could be more expensive than other types of borrowing'*
- Signposted her to money advisers, debt and free help lines
- Signposted her to the account terms and conditions
- Signposted her to their support

So, although I appreciate her situation and recognise her concern at having her overdraft removed, it's clear Mrs S wasn't using her overdraft as it was intended. HSBC had concerns about her usage and communicated these in advance of taking action. Also, they provided information on various support channels and offered to speak to Mrs S. In addition, they've pointed out credit may be available at more beneficial rates.

Furthermore, their terms and conditions, which they signposted her to, refer to:

- Regular reviews
- Affordability
- *'All overdrafts are repayable 'on demand'. This means that we can ask you to pay the money back straight away. Usually, though, we'll give you advance notice.'*

Mrs S feels that one month's notice is insufficient time to make other arrangements, however I can see that HSBC communications on the matter started well in advance of November

2023. So, Mrs S was in a position to discuss, prepare and / or plan an alternative more appropriate credit solution with HSBC or another business.

So, having considered the above and all the information on file, although I understand Mrs S's upset here, I don't think HSBC have treated her either unfairly and unreasonably.

### **My final decision**

My final decision is that I'm not upholding this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 10 May 2024.

Paul Douglas  
**Ombudsman**