

The complaint

Mrs M complains that HSBC UK Bank Plc (“HSBC”) wouldn’t lend to her.

What happened

In September 2023 Mrs M applied for a loan with HSBC.

HSBC declined the loan application and explained that their decision was based on information in Mrs M’s credit file.

Mrs M was upset with that decision. She explained that she had an exceptional credit score, had banked with HSBC for many years, and owned properties that were mortgage free.

Our investigator didn’t think HSBC had been unreasonable, but Mrs M remained dissatisfied, and she asked for a final decision by an ombudsman.

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 know it will disappoint Mrs M, but I agree with the investigator’s opinion. Please let me explain why.

Where the information I’ve got is incomplete, unclear or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I’ve read and considered the whole file, but I’ll concentrate my comments on what I think is relevant. If I don’t comment on any specific point it’s not because I’ve failed to take it on board and think about it but because I don’t think I need to comment on it in order to reach what I think is the right outcome.

It’s for HSBC to decide their lending criteria. The Lending Standards Board’s “Standards of Lending Practice” explain that when a firm decides not to lend it should provide the primary reason why. Here HSBC have done that. They explained that they refused to provide credit to Mrs M because of information on her credit file.

I would not expect HSBC to share details of exactly what that information was as that’s sensitive information that could be used by consumers to manipulate their credit applications.

I can understand Mrs M’s position. I’ve read her various statements and can see she manages her finances well, appears to have an excellent credit rating, a long and positive history with the bank, is mortgage free, and that she is never overdrawn. In those circumstances, I understand why she would have been disappointed with the bank’s response but for the reasons I’ve already given, I can’t say that the bank has been unreasonable. They’ve done all that they needed to do in the circumstances and the

decision to lend was theirs to make. It wouldn't be fair for me to suggest there was sufficient evidence that there was anything wrong with the algorithm used to make the decision.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 19 August 2024.

Phillip McMahon
Ombudsman