

The complaint

Mr S complains that HSBC UK Bank Plc opened a different account for him to the one that he applied for without notifying him about the change of product.

What happened

In September 2023 Mr S applied for a bank account with HSBC. HSBC opened the account and sent Mr S a welcome letter and welcome pack.

When Mr S received the welcome letter, he noticed that under overdraft it stated “n/a”. This was despite the same letter and the welcome pack referring to agreeing an arranged overdraft facility.

Mr S complained to HSBC. He was unhappy that he hadn’t been advised that the account had no lending. He said that the account he’d applied for was a lending account.

HSBC didn’t uphold the complaint. In its final response dated 16 May 2024, it said it had assessed Mr S’s application and that it had made a decision to offer him a bank account with no lending. HSBC said it had offered the account to Mr S in line with its terms and conditions. It said he was welcome to upgrade the account, but this would be subject to a credit search.

Mr S remained unhappy and brought his complaint to this service. He says the fact that HSBC has applied a “no lending” restriction on his account contradicts the benefits of the account he applied for, as he can’t apply for an overdraft if he wishes to. Mr S said that HSBC hadn’t informed him during the application process that a no lending restriction would be applied, and said he’d been given an account which he didn’t wish to have.

Our investigator didn’t uphold the complaint. She said she was satisfied that HSBC had opened the account in accordance with its policies. She also said that the bank had its own criteria and were within their rights to make commercial decisions surrounding lending.

Mr S didn’t agree so I’ve been asked to review the complaint.

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 Mr S, but I agree with the investigators opinion. I’ll explain why.

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 its 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.

I’ve reviewed Mr S’s application. I can see that he applied for a current account. I haven’t found any evidence to suggest that Mr S applied for an overdraft at the point of application.

I can see from the information provided by HSBC that when it received the application from Mr S, its systems referred the application for checks. Following these checks, the application was approved but an internal marker was applied, which prevented Mr S from applying for lending on the account. Following this, HSBC wrote to Mr S confirming that the account had been opened with no lending.

Mr S has said that this restricts the benefits that would otherwise be available to him with a current account. He's made the point that he can't apply for an overdraft even if he wanted to – although he's also told this service that he doesn't want an overdraft with HSBC.

All lenders have their own internal criteria which they are allowed to apply before deciding whether to open accounts and approve lending. In Mr S's case, HSBC has applied its criteria and, whilst it was happy to approve Mr S's application for the account, it obtained information during the checks it was required to carry out as part of its process which led to a decision to apply a restriction on the account. I can't say that HSBC acted unfairly or unreasonably in applying a restriction such as this, because ultimately the decision on whether to approve an application for an account and on what terms is a commercial decision for the bank.

The final response letter from HSBC suggests that Mr S can apply for an overdraft if he wishes, and that any such application would be subject to a credit search. I don't think HSBC has treated Mr S unfairly in this respect, because any application for an overdraft is potentially subject to a credit search. This is in accordance with the lenders obligation to carry out reasonable checks to make sure any lending is affordable.

I haven't seen anything in the general description of the account or in the application process which suggests that the account Mr S applied for is guaranteed to come with an overdraft facility. So, I don't agree with Mr S when he suggests that the account was mis-sold or misrepresented.

I appreciate that Mr S has said he's ended up with an account which he doesn't want. Based on what I've seen, there's no requirement for Mr S to keep the account open for any minimum period, so its open to Mr S to ask HSBC to close the account if he wishes.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 29 October 2024.

Emma Davy
Ombudsman