

The complaint

Mr G complains about HSBC UK Bank Plc trading as first direct's decision to decline his overdraft application.

What happened

Mr G was an existing first direct current account customer with an overdraft of £250. Earlier this year, Mr G contacted first direct to explain that the overdraft on another bank account he holds with a different business was being withdrawn. Mr G explained the business in question was removing all its customer's overdrafts. The agent Mr G was chatting with provided details of first direct's overdraft eligibility tool. Mr G submitted his details and the eligibility tool returned a response that said he was likely to be accepted for an overdraft facility of £1,000 to £1,500.

Mr G called first direct the following day and completed a full overdraft application. First direct says it carried out a credit search and applied its lending criteria. Ultimately, Mr G's overdraft application was declined by first direct.

Mr G went on to raise a complaint about the decision to reject his overdraft application which was at odds with the results provided by first direct's eligibility checker. First direct issued a final response on 11 May 2024 but didn't agree it had made a mistake. First direct said it had used a range of information when considering Mr G's application, including details from his credit file. First direct said the application was correctly declined in line with its lending criteria.

An investigator at this service looked at Mr G's case but wasn't persuaded first direct had made a mistake by declining his application. The investigator went back to first direct for more information about its decision and it confirmed it had been taken due to concerns over the affordability of the overdraft Mr G applied for. Mr G asked to appeal and said that first direct's decision to reject his application on affordability concerns didn't reflect his circumstances. As Mr G asked to appeal, his complaint has been passed to me 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.

Mr G's explained that the decision to reject his overdraft application was at odds with the results he received when checking his eligibility online. I accept that, when Mr G sought to check his eligibility, first direct's checking tool indicated it was likely he'd be accepted for an overdraft of up to £1,500, as he's told us. But the eligibility tracker doesn't provide a guarantee that a subsequent application will be approved, only any indication. The full application was always going to be considered against first direct's full lending criteria and a more thorough review.

In response to the investigator, first direct has confirmed the decision to decline Mr G's application was based on affordability concerns. First direct also confirmed there was no evidence of any adverse information found on Mr G's credit file. When responding to Mr G's complaint, first direct explained it used information he provided, details from his existing accounts and checked his credit file before deciding whether to proceed. I'm satisfied that first direct has confirmed the information it used and given a broad explanation of why Mr G's full application wasn't successful. I'm sorry to disappoint Mr G but I haven't found anything that shows first direct made a mistake or treated him unfairly when considering his application for an overdraft.

Mr G's also told us that he has substantial savings and investments and that his income has increased since the original decision to provide a £250 overdraft was made by first direct in 2019. I take Mr G's point and understand he may feel that there's more at play than first direct has said. But I've seen the application results from first direct's systems and can confirm the decision to reject was based on affordability. I haven't seen any evidence that shows the decision was made on any other basis or that first direct failed to reasonably apply its lending criteria to Mr G's application.

I appreciate Mr G feels the way his application was handled failed to lead to a good outcome for him. But I'm satisfied first direct reasonably applied its lending criteria to Mr G's overdraft application and that its decision to decline was fair. As I haven't found evidence that shows first direct made a mistake or treated Mr G unfairly by declining his overdraft application I'm not upholding his complaint.

My final decision

My decision is that I don't uphold Mr G's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 November 2024.

Marco Manente
Ombudsman