

The complaint

Mr S is unhappy that HSBC Bank UK Plc don't notify him either in advance or after account balance interest has been applied to his credit card.

What happened

Mr S raised a complaint with HSBC because he was unhappy that HSBC didn't notify him in advance of applying account balance interest to his account that they were applying such interest and what the specific interest amount was. And Mr S was also unhappy that HSBC didn't send him a notification after they'd applied interest to his account confirming how much interest had been applied and when it had been applied.

HSBC responded to Mr S but didn't feel that they'd done anything wrong in how they'd administered his credit account. HSBC noted that they provide information on how much interest has been charged for each month on the account statement issued following the end of that month. And HSBC also noted that it wasn't possible for them to say how much interest would be charged for any upcoming month because the possibility always existed that further spending by the account holder using the credit account could take place.

Mr S wasn't satisfied with HSBC's response, so he referred his complaint to this service. One of our investigators looked at this complaint. But they didn't feel that HSBC had acted unfairly towards Mr S and so didn't uphold the complaint. Mr S remained dissatisfied, so the matter was escalated to an ombudsman for a final 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 S has said that he wants HSBC to notify him in advance of applying any interest to his credit account exactly how much interest they'll be applying. Additionally, Mr S would also like HSBC to notify him after they've applied interest to his account that they have done so and how much interest was applied.

However, upon consideration of Mr S's complaint, I don't feel that Mr S's expectations in this regard are reasonable or realistic, given the nature of credit card accounts.

This is because credit cards are a form of rolling credit, whereby the account holder can make purchases (and thus utilise more credit) on an ad hoc basis, as and when they want to. This makes it impossible for a credit provider such as HSBC to state in advance what a monthly interest charge will be because the possibility always exists that an account balance will change as a result of further spending undertaken by the account holder.

Because of this, it's common practice for credit providers to apply interest to an account on a set working day each month, in line with the interest rate that applies to the account, and to then notify the account holder how much interest was charged to the account after the fact, when the account balance on the relevant date is confirmed because that date has passed.

Furthermore, the terms and conditions of HSBC's credit account clearly explain the methodology HSBC use to apply interest to a credit account and when that interest will be applied. And I'm satisfied both that HSBC have acted in accordance with those terms and conditions in their administration of Mr S's account, and that Mr S agreed to those terms and conditions when he applied for and accepted the account.

Ultimately, I don't feel that it's reasonable or realistic for Mr S to expect HSBC, or any credit provider, to administer a credit account as he would like here. And I also note that information about interest that has been charged to his account is available to Mr S either via the monthly statement or through reviewing his account via online or mobile banking, both of which HSBC have confirmed that Mr S utilises.

All of which means that I don't feel that HSBC have acted unfairly toward here. And even if I did feel differently, this service has neither the remit nor the authority to instruct a business to change how it operates as Mr S would like us to do. However, this is of course a moot point, given that I'm satisfied that HSBC haven't acted unfairly as Mr S contends.

I realise this won't be the outcome Mr S was wanting, but it follows that I won't be upholding this complaint or instructing HSBC to take any further or alternative action. I trust that Mr S will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 14 March 2025.

Paul Cooper
Ombudsman