

The complaint

A company which I'll call 'B' complains that HSBC UK Bank Plc unfairly declined its application for a loan and provided poor customer service.

The complaint is brought on B's behalf but its director, who I'll call 'Miss H'.

What happened

Miss H told us:

- In around October 2023, B approached HSBC for a start-up loan and its request was passed to a Relationship Manager ('RM'). B had been waiting for a decision on the lending from January 2024 onwards, but despite numerous emails and calls she hadn't been given an outcome.
- B was left waiting for a response for months which caused her financial hardship, the bank could have simply provided a response in a timely manner. Her personal finances were affected as B is a start-up business.
- The RM unfairly declined B's loan application and didn't provide the alternative options that they said they would. She's complained about the RM's actions and behavior, but the bank didn't provide a final response to the complaint.

HSBC told us:

- It received a lending referral in October 2023 and the RM made contact with Miss H within a couple of days. A zoom call took place around a week later and the RM requested financial information to support the application. There was no further contact from Miss H until mid-January 2024.
- The information couldn't be reviewed initially, and the RM called and emailed to re-request this shortly after as they couldn't view the documents in the format they'd been provided. The information was received in early February 2024, and the RM called Miss H to explain that it wasn't possible to progress B's lending application at that time due to various issues.
- As part of its investigation into B's complaint, it had reviewed B's application again in December 2024. It was satisfied that the decision not to proceed with B's application was reasonable as it didn't meet its lending criteria. It didn't think the RM had behaved unreasonably or in a discriminatory way.

Our investigator recommended the complaint be upheld in part. He thought it was understandable that Miss H was disappointed with HSBC's decision to decline B's lending application. However, it was a commercial decision that HSBC was able to make on whether to lend to an applicant, and he was satisfied that the application had been considered fairly. However, he thought that there were times throughout January and February 2024 when

HSBC's service could have been better. So, he thought the bank should pay £100 compensation for the inconvenience caused.

HSBC accepted the investigator's opinion. Miss H didn't accept the investigator's opinion and asked for an ombudsman to review her complaint. She said she wasn't satisfied that the investigator had fully considered the circumstances of this 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.

Having done so, I'm sorry to disappoint Miss H but there's not much more that I can add to what our investigator has already said. I know Miss H will likely be unhappy with my decision, but I'll explain how I've reached this. Firstly, I would like to thank Miss H for explaining the impact that HSBC actions have had on her. Miss H has provided lots of information and I've taken everything into account, if I don't directly reference something in my decision it is not because I haven't considered it. But I've focused on what I consider to be the crux of the complaint.

Miss H has explained at length the issues she's been caused by the bank's decision not to offer B a start-up business loan and delay its decision for many months. I also recognise that Miss H says she feels HSBC has discriminated against her given the problems she's experienced. I can understand why Miss H feels this way. However, it's not our services role to decide if HSBC has breached the Equality Act – that can only be decided by a Court. I realise this will disappoint Miss H but from what I've seen I'm satisfied HSBC acted fairly, when reviewing B's loan application. I recognise that any delays in a decision would have been difficult, given what Miss H has told us about her circumstances. However, I don't think the bank treated B unfairly by its decision to decline the company's loan application. It is a commercial decision that HSBC is able to make on who it decides to lend to and on what terms. The bank has provided an explanation for its decision to decline B's loan application, and I'm satisfied that it behaved reasonably here.

Miss H says that HSBC's customer service was poor, and it caused her distress and financial hardship by delaying its decision for many months. I'm unable to consider any distress or impact to Miss H personally as a result of HSBC's actions as she isn't the eligible complainant here. The eligible complainant here would be B, as the company was the entity making the loan application, and a business is unable to suffer emotional distress. I also have to consider that the loan application with HSBC wasn't guaranteed, and B could have approached an alternative lender. So, I can't fairly say that the bank caused the company financial hardship.

I also acknowledge that Miss H told us that the RM said he would put her in contact with alternative investors that may be able to help B, but I haven't seen any evidence that's the case. There is a difference of opinion between the parties about what was discussed, as the RM said they suggested that seeking alternative investors would be a way to seek finance for B and then received no further contact from Miss H. As I wasn't party to the call, I can't fairly say what was agreed between Miss H and HSBC, but if Miss H was expecting further information from the RM, I think it's reasonable to believe that she could have contacted them to chase this, as she had done with previous information. I think it's possible that there was a miscommunication here, but I can't fairly hold HSBC responsible for Miss H not receiving information that may or may not have been agreed.

However, I can look at the inconvenience caused to B as a result of HSBC's actions, which is what I have gone on to consider. Miss H said that HSBC delayed B's application for many

months, but I'm not persuaded that's the case. I can see that Miss H approached the bank in October 2023, and there were emails, calls, and a zoom meeting within the first couple of days. However, I can see that the RM asked Miss H for financial information to support B's application and I haven't seen any evidence that there was any contact from Miss H until around the second week of January 2024. So, I can't fairly hold HSBC responsible for any delays whilst it was waiting for information from Miss H.

That being said, I can see that after Miss H had contacted HSBC in early January 2024, there were several times where Miss H had to chase the RM for an update. This included checking that the information had been received or following up on calls that hadn't been returned, all of which took Miss H's time away from her role as B's director. Therefore, I think HSBC should pay B £100 compensation for the inconvenience caused.

I also understand that Miss H is unhappy that the bank didn't provide B with a response to its complaint within a satisfactory timescale. However, complaint handling isn't an activity that we cover so I can't make a finding on whether HSBC acted fairly here.

My final decision

My final decision is that I uphold this complaint. I instruct HSBC UK Bank Plc to pay B £100 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 9 May 2025.

Jenny Lomax
Ombudsman