

## **The complaint**

Mrs J complains that HSBC UK Bank Plc declined her loan application.

## **What happened**

On 19 December 2024 Mrs J applied for a HSBC Personal Loan for £50,000. The purpose of the loan was to replace a roof on one of Mrs J's rental properties.

HSBC assessed the loan application, and it was subsequently referred to the underwriting team due to affordability concerns. Mrs J was asked to provide tax returns for the last year to evidence the profit from the rental properties, as Mrs J had included this rental income in her budget planner as part of the loan application.

Mrs J provided the information requested. Following further assessment, her loan application was declined on the grounds that the information obtained showed that the loan wasn't affordable.

Mrs J asked for the decision to be reviewed as she felt that her income from rental properties and her pension were sufficient to cover the amount of borrowing requested.

HSBC reviewed the application again and asked for additional information. Mrs J wasn't able to provide this, and HSBC said the decision to decline the loan would stand.

Mrs J complained to HSBC. HSBC issued a final response letter dated 7 January 2025. It said it had asked an Underwriting Manager to appeal the decline decision but they had confirmed that it wouldn't be overturned because the income shown on Mrs J's tax return didn't support the loan amount. HSBC said it would reconsider the decline decision if Mrs J provided her latest full tax return evidencing a higher rental profit but said that without this document the decision to decline remained unchanged.

Mrs J remained unhappy and brought her complaint to this service.

Our investigator didn't uphold the complaint. She said the decision to decline the loan application was a commercial decision for the bank and there was no evidence that HSBC had treated Mrs J unfairly.

Mrs J didn't agree. She said that her accountant completes her tax returns online and she was unable to obtain a paper copy from HMRC within the timeframe given by the bank. Mrs J said she'd asked HSBC to take in to account the funds in her current account and her previous years accounts, but they failed to do so.

Because Mrs J didn't agree 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 Mrs J, but I agree with the investigators opinion. I'll explain why.

All providers of finance such as HSBC have their own lending criteria that they apply when assessing applications for finance. These criteria can take into account a number of factors including (but not limited to) things like the information provided by the applicant, income and expenditure, information provided by the credit reference agencies, overall debt levels and borrowing history. As part of the assessment of an application for a loan, a provider of finance is required to check that the lending is affordable.

In Mrs J's case, HSBC concluded that the lending wasn't affordable and declined the loan application. This is a commercial decision for the bank and not one with which this service can interfere.

What this service can do is look at whether the decision to decline the loan was reached fairly. So I've looked at whether HSBC explained to Mrs J why it had rejected her application, and whether it asked her for further information which could've changed the decision when Mrs J appealed it. And I've looked at whether Mrs J provided all the information she was requested to provide in support of her application and appeal.

HSBC declined the loan on grounds of affordability. Mrs J didn't agree and said she had an income of more than £100,000, which she felt was sufficient to cover the amount of borrowing requested. HSBC said it would review the application and asked Mrs J to provide her full 2023/34 tax return to evidence the income from the rental properties. Up until this point Mrs J had only provided a tax calculation for 2023/24 which showed a rental profit of £2,691 for the year.

HSBC gave Mrs J a deadline by which to provide her 2023/24 tax return, but Mrs J didn't provide the information within this timescale. Mrs J has subsequently said to this service that her accountant completed her tax return and submits it to HMRC and that it wasn't possible to obtain a copy of it from HMRC in time to meet the bank's deadline. I'm not persuaded that this is correct, because completed tax returns are available to view and download via the HMRC taxpayer portal. I also think it's likely that Mrs J's accountant would've retained a copy of the submitted tax return for their records.

Ultimately, Mrs J didn't provide the information requested by HSBC. In the circumstances, I don't think it was unreasonable for HSBC to decline the application.

I appreciate that Mrs J has said that she has significant funds held in an account at HSBC and she believes that this should've been taken into account. There's no evidence that HSBC didn't take Mrs J's savings and pension income into account as part of the overall assessment of the loan application but as I've said above, the application was declined on grounds of affordability.

I also appreciate that Mrs J would've preferred HSBC to look at her profit from the rental properties over the past 5 years as she believed that the profit for 2023/24 isn't representative of other years. However, past profit is no guarantee of future profit, and I don't think it's unreasonable that HSBC required the most recent set of accounts and profit figures from Mrs J, which was the 2023/4 tax year.

### **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 Mrs J to accept or reject my decision before 6 May 2025.

Emma Davy  
**Ombudsman**