

The complaint

Mr A complains that HSBC UK Bank Plc, lent to him irresponsibly in relation to a credit card account.

What happened

In December 2019, Mr A was provided with a credit card by HSBC with a credit limit of £10,500. The balance was later paid off and the card account closed in November 2022. In late 2024, Mr A complained to HSBC. In summary, he said they had irresponsibly lent to him and that sufficient checks – to ensure his affordability status – hadn't been undertaken.

HSBC didn't uphold the complaint. They said, in summary, that they had carried out checks proportionate to the amount being lent; those checks hadn't revealed any concerns, and on that basis, the credit card had been provided. So, they were satisfied they had lent responsibly.

Mr A disagreed, he still thought that HSBC was wrong to have lent to him. So, he referred his complaint to this Service for independent review.

An Investigator here considered what had happened; having done so, he didn't think HSBC had done anything wrong. In short, the Investigator said:

- The checks carried out by HSBC were proportionate in the circumstances.
- The information gathered as a result of those checks wouldn't have given HSBC any cause for concern. And there was nothing that would have suggested to HSBC that Mr A was struggling financially and/or wouldn't be able to afford the repayments of this credit card.
- Any financial struggles, which did materialise for Mr A later, wouldn't have been apparent to HSBC at the time it provided him with the credit card.
- Overall, with that in mind, HSBC hadn't acted unfairly or unreasonably in giving Mr A this credit card.

Mr A disagreed; he maintained that he'd been irresponsibly lent to by HSBC. And pointed particularly to the fact that his tax returns – which he's now provided – showed him to be earning much less than HSBC had accepted his income to be. So, he asked the investigator to reconsider. But the investigator maintained his position that he felt the checks carried out were proportionate, and that these checks showed the account to be affordable for Mr A.

So, as no agreement has been reached, Mr A's complaint has now been passed to me to decide.

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, while this will no doubt disappoint Mr A, I agree with the findings of our Investigator for broadly the same reasons. I'll explain why.

The rules and regulations in place at the time Mr A was provided with the credit, required HSBC to carry out a reasonable and proportionate assessment. That's to determine whether he could afford to repay what he owed in a sustainable manner. This practice is sometimes referred to as an 'affordability assessment' or 'affordability check'.

The checks had to be borrower focussed; that is, relevant to Mr A. So, HSBC had to think about whether repaying the credit sustainably would cause him difficulties, or other adverse consequences. In other words, HSBC had to consider the impact of any repayments on Mr A.

Checks also had to be 'proportionate' to the specific circumstances of the lending. In general, what constitutes a proportionate affordability check will be dependent on a number of factors including – but not limited to – the particular circumstances of the consumer (e.g: their financial history, current situation and outlook, any indications of vulnerability or financial difficulty) and the amount/type/cost of credit they were seeking. I've kept all of this in mind when thinking about whether HSBC did what they needed to before agreeing to lend to Mr A.

Here, before agreeing to lend, HSBC checked data recorded with Credit Reference Agencies ("CRAs"); it relied upon information provided by Mr A in his application, and it carried out an affordability assessment. I've been provided the results of HSBC's checks and, in my view, the data it gathered didn't suggest that there was any real cause for concern.

Rather, information obtained from CRAs didn't show any recent defaults or County Court Judgments ("CCJs"); nor was Mr A subject to an Individual Voluntary Arrangement ("IVA").

HSBC recorded that Mr A's residential status showed he was a homeowner; he had declared an annual income of £47,500, equating to approximately £2,788 a month. And they took further steps to verify his income using a credit reference agency affordability check, which showed a high level of confidence in the income Mr A had declared.

HSBC also used modelled data to calculate Mr A's regular household expenditure, which they added to the mortgage and unsecured credit commitments they obtained from the credit check they carried out, using 50% of the home mortgage costs, given Mr A was married.

From these checks, they concluded that Mr A had approximately £1,500 of monthly outgoings. This included his mortgage and unsecured credit, of which £10,500 was revolving credit, which moved across to the new HSBC card shortly after the application. So, the new credit card, in essence, wasn't adding to Mr A's debt, but was being used to transfer across existing credit commitments at a lower interest rate. Despite this, HSBC took into account the monthly cost of both the existing revolving credit and the new credit card repayments when carrying out its assessment.

Based on the information it obtained, HSBC concluded that Mr A had more than enough disposable income to cover the cost of paying off the full credit card balance within a three-year period. And that he would be left with a monthly disposable income of around £1,370, after the credit card monthly payments were deducted. And there was nothing else to suggest to HSBC that Mr A wouldn't be able to sustainably repay the credit provided here.

Keeping in mind the monthly repayments required to clear the balance of the credit card provided (if Mr A utilised the full credit limit); and, given that neither the CRA data, nor application or affordability data, raised any immediate concerns; I think the checks undertaken by HSBC before lending to Mr A were proportionate, and the information it gathered suggested that a credit limit of £10,500 was likely to be affordable for him. So, I wouldn't have expected HSBC to do any further checks in these circumstances.

I appreciate the information Mr A has supplied now, suggests that his financial position at the time, may not have been as strong as HSBC had concluded. Such information, though, didn't translate into HSBC's checks. And as I've said above, I don't consider that a failing – as HSBC was entitled to rely upon information returned in the checks it carried out.

To be clear, I'm not saying that Mr A wasn't – or isn't now – under some level of financial pressure; it's just that here, in these circumstances, HSBC didn't need to complete the level of checks required to discover that. Instead, I find that the level of checks it did carry out were proportionate to the amount being lent, the lending relationship, and the results of those checks. My view is that nothing HSBC discovered ought to have given it cause for concern, nor that it should've been prompted to further verify Mr A's wider financial situation.

I am sorry to disappoint Mr A; I know this won't be the outcome that he's hoping for, and I certainly don't mean to downplay the impact he's said this matter has had on him. But it's for the reasons I've explained that I don't think HSBC acted unfairly or unreasonably when it provided him with a credit card with a £10,500 limit. So, it follows that I'm not upholding this complaint.

Finally, I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think HSBC lent irresponsibly to Mr A or otherwise treated him unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

My final decision is that I do not uphold Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 29 August 2025.

Brad McIlquham
Ombudsman