

## **The complaint**

Mr A complains that HSBC UK Bank Plc (“HSBC”) irresponsible lent him a credit card and acted unfairly when increasing the credit limit. He believes sufficient checks weren’t conducted.

## **What happened**

In February 2019 Mr A applied for a balance transfer card with HSBC. He was accepted – and HSBC gave him a limit of £1,000. He was also beneficiary of a promotional rate of 0% on balance transfers for 32 months.

Mr A took advantage of the rate – he completed three separate balance transfers totalling £984.39. In July 2019, HSBC wrote to Mr A to say they were looking to increase his credit limit to £2,000. They said the increase would take place in September 2019.

From around November 2019, Mr A began to miss payments, and HSBC started to reduce the credit limit. As of November 2024, Mr A’s credit limit was £500, and he had a small balance of around £70.

In November 2024, Mr A complained to HSBC. He said at the time of application he declared a salary of £16,000 per year, but he was on a zero hour contract meaning he could lose his position at any time. He feels the lending has had a significant impact on his financial situation and he believes HSBC should’ve done more to ask him about his income and expenditure.

HSBC responded in the same month, rejecting the complaint. They said he didn’t declare that he was on a zero hour contract, and they don’t believe they’ve acted irresponsibly. They said they conduct periodic reviews regarding the suitability of the product, and having done so, they’ve reduced the credit limit available to Mr A on a number of occasions.

Mr A wasn’t happy with the response, so he referred the complaint to our service. An Investigator here looked into things – having done so they said the checks were proportionate and a fair decision to lend was made at the point of account opening. But they felt when HSBC increased the credit limit, the checks weren’t proportionate.

They said having reviewed Mr A’s statements, if further checks were completed, HSBC wouldn’t have lent. This was because Mr A had recently taken on further lending which meant the credit limit increase wouldn’t have been sustainable for Mr A.

HSBC didn’t agree with the outcome. They said the recent credit our Investigator referred to wasn’t showing on the Credit Reference Agency (CRA) data they’d pulled at the time, and they’re required to check affordability – not to complete an invasive review of Mr A’s statements.

I previously issued a provisional decision that said the following:

*"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've reached a different outcome to the Investigator. I appreciate this is likely to come as a disappointment to Mr A, but I'd like to explain my reasoning why.*

*The rules and regulations in place at the time HSBC provided Mr A with the credit card and subsequent increase required them to carry out a reasonable and proportionate assessment of whether he could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an 'affordability assessment' or 'affordability check'.*

*The checks had to be 'borrower' focused. This means HSBC had to think about whether repaying the credit sustainably would cause difficulties or adverse consequences for Mr A. In other words, it wasn't enough for HSBC to consider the likelihood of them getting the funds back or whether Mr A's circumstances met their lending criteria – they had to consider if Mr A could sustainably repay the lending being provided to him.*

*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 was needed before lending to Mr A.*

*I won't go into too much detail regarding the account opening, because neither party has disputed this part. However, HSBC obtained information regarding Mr A's income and expenditure, as well as data from the CRA's regarding his existing debt and how it's managed.*

*I believe the checks HSBC carried out were proportionate, and considering the amount being provided to Mr A, and the information they gathered in these checks, I don't think they acted unfairly when providing Mr A with the credit card. I say this because it was for a relatively modest amount of £1000, and they were offering him a balance transfer rate of 0% for 32 months, as well as an interest-free promotion on purchases for three months. I can see Mr A utilised the balance transfer offer, meaning that the full amount put on the credit card for at least three-months would've been interest-free. And Mr A had benefit of transferring across balances from cards that were incurring interest, fees and charges to an account that offered none for 2.5 years. It wouldn't be a significant cost for Mr A to repay this credit in a reasonable period of time based on his salary and existing credit commitments.*

*I'll now move on to the credit limit increase. The credit limit increase was offered around six months after the account was opened, so I wouldn't necessarily have expected HSBC to have gone back out to Mr A and asked for details of his income and expenditure again. They did conduct CRA checks which showed Mr A's total existing credit commitments to be less than £1,000. In the lead up to the increase, Mr A was making significant overpayments. What I mean by this is, HSBC will expect a minimum repayment to be made each month, but Mr A was paying them higher than this. Combined with the fact the balance was interest-free, I think it's clear from this alone that Mr A had demonstrated to HSBC he could afford the limit increase.*

*Even if, as the Investigator has done, I was to accept that more checks should be carried out to determine if the further lending was sustainable for Mr A, my outcome would be the same. Having looked at the statements, it appears the new lending was an agreement for a car, plus the insurance for that vehicle.*

*When considering lending complaints, there are no specific checks that lenders must complete before approving an application for credit. The rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. But there is no obligation on lenders to ask to see bank statements, so HSBC didn't make an error when they didn't automatically ask to see Mr A's bank statements before increasing the limit – there's no requirement for them to undertake a forensic assessment based on the amount being lent, and again, the fact that the initial half of the credit limit was interest-free for the foreseeable future.*

*Mr A had demonstrated by his account management up until the point of increase he had enough disposable income to repay the debt and pay over the minimum required. So, they didn't ask for additional information before offering the limit increase as there was nothing in the credit checks or the account management to indicate that was necessary.*

*Therefore, I'm provisionally minded to say HSBC's checks were proportionate, and a fair decision to lend was made.*

*I understand what the Investigator has said regarding the account behaviour after the limit increase – but this isn't something HSBC had available to them at the time of the increase and is being used now in hindsight to support the argument made. I'm pleased to see HSBC have supported Mr A by reducing his credit limit and helping him to manage the debt – as I said previously at the point this complaint was made, Mr A's balance was around £71 on the credit card, which means in the years since HSBC have been reducing the limit Mr A has made significant inroads into nearly clearing the debt.*

*In reaching my conclusions, I've also considered whether the lending relationship between HSBC and Mr A might have been unfair to Mr A under s140A of the Consumer Credit Act 1974 ("CCA"). However, for the reasons I've already explained, I'm satisfied that HSBC did not lend irresponsibly when providing Mr A with the credit card, or by increasing his credit limit. And I haven't seen anything to suggest that s140A CCA would, given the facts of this complaint, lead to a different outcome here.*

*So while it'll likely come as a disappointment to Mr A, I'm currently minded to not uphold his complaint against HSBC for the reasons explained above."*

### **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.

HSBC hasn't responded to the provisional decision, but Mr A has.

I understand the strength of feeling Mr A has regarding his complaint. But the rules set out by the regulator merely state that checks should take place and that they should be proportionate to the type and amount of credit being provided. But there is no obligation on lenders to ask to see bank statements, so HSBC didn't make an error when they didn't automatically ask to see Mr A's bank statements before approving the application.

HSBC reviewed Mr A's credit file. Having done so they were satisfied he had enough disposable income to meet the monthly repayments. So, they didn't ask for additional information before approving his application as there was nothing in the initial checks they completed to indicate that was necessary.

I note Mr A's reference to the amount of time credit reference agencies take to reflect new information, but this isn't something I can comment on. This would be something Mr A should discuss with the regulator, the Financial Conduct Authority (FCA).

Mr A has also said he feels HSBC do not care about his financial difficulties. I'll remind HSBC of their obligations to support their customers when they're in financial difficulty, and encourage Mr A to continue to reach out to HSBC if he requires assistance.

Given that no new evidence has been provided, while I appreciate this will come as a disappointment to Mr A, I see no reason to deviate from my provisional decision and therefore it follows that I don't think HSBC acted unfairly when deciding to lend to Mr A.

### **My final decision**

It's my final decision that HSBC UK Bank Plc didn't treat Mr A unfairly when lending to him.

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

Meg Raymond  
**Ombudsman**