

The complaint

Mr C complains HSBC UK Bank Plc ("HSBC") irresponsibly lent to him.

What happened

On 11 April 2024 Mr C applied for a second loan with HSBC. The first was applied for earlier in the month and approved for £10,000. This loan was also approved for £10,000 to run over three years with a monthly repayment amount of £337.41.

Mr C complained to HSBC that the lending was unfair and irresponsible. He's been open about the gambling issues he was facing at the time and had relapsed when applying for these products. As a result, he wants them to be written off.

HSBC responded to the complaint in May 2024. They said they completed a full affordability check using credit reference agency (CRA) information as well as information Mr C submitted about his income and expenditure, and they had no concerns that he wouldn't be able to afford the loan. They said Mr C told them the loan was for home improvements and a car purchase, and they're clear on the website their products shouldn't be used for gambling.

Mr C didn't agree – so he referred his complaint to our service. An Investigator here looked into things. They were in agreement with HSBC that the checks were proportionate – they noted that Mr C had taken out significant credit in the weeks he also took out loans with HSBC, but that wasn't yet reflected on his CRA data. Overall, they were satisfied that HSBC had acted fairly.

Because an agreement couldn't be reached, the complaint has 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, I'm in agreement with the Investigator that HSBC didn't act unfairly. I know this is likely to disappoint Mr C. I also would like to thank him for his honesty regarding the situation he's in – and I'm sorry to hear he's having a challenging time.

The rules and regulations in place at the time HSBC provided Mr C with the loan 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 C. In other words, it wasn't enough for HSBC to consider the likelihood of them getting the funds back or whether Mr C's circumstances met their lending criteria – they had to consider if Mr C 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 C.

When Mr C applied for a loan, HSBC gathered information regarding his financial circumstances. It recorded that he was earning a salary of around £45,000 per year and had outstanding debt of around £480 per month – including the earlier loan from HSBC. He had no defaults at the time of application. They calculated Mr C had around £680 in disposable income each month. This was collated using the information Mr C declared at application, and an external credit check.

I believe the checks HSBC carried out were proportionate, and considering the amount being provided to Mr C, and the information they gathered in these checks, I don't think they acted unfairly when providing him with the loan. I say this because there were no signs of financial difficulty in the past, his current account with HSBC wasn't used in a way that would be concerning, and his income and expenditure assessment demonstrated he had disposable income to afford this loan. It wouldn't be a significant cost for Mr C to repay this credit in a reasonable period of time based on his salary and existing credit commitments that were declared at the time.

I understand Mr C was spending in a harmful way, but this wasn't evident yet on the credit file HSBC obtained at the point of application, so there was nothing to suggest the loan would be unaffordable for him.

I note Mr C's points regarding the difficult time he's had – and I thank him for sharing. I understand the devastating impact of his gambling addiction, and this loan has directly contributed to this. But it would be unreasonable for me to conclude the business was solely responsible, and as a Service, we're not punitive. We consider the obligations a business had at the time, and what is expected of them.

In reaching my conclusions, I've also considered whether the lending relationship between HSBC and Mr C might have been unfair to Mr C 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 him with the loan. 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 C, I won't be upholding his complaint against HSBC for the reasons explained above.

My final decision

It's my final decision that HSBC UK Bank Plc didn't treat Mr C unfairly when providing him with a loan.

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

Meg Raymond
Ombudsman

