

The complaint

Mr B is unhappy with HSBC UK Bank Plc's (HSBC) application process and how they handled his application for a credit card.

What happened

Mr B was an existing HSBC customer and on 8 November 2024 he applied for a credit card with HSBC to take advantage of the card's associated benefits.

Various communications followed between Mr B and HSBC which resulted in HSBC declining the application on 5 December 2024 because Mr B's income was not derived in GBP.

Mr B raised his concerns with HSBC that they had not recognised a part of his overall income which he did receive in GBP and said HSBC had not made it clear from the outset of the application that any income not received in GBP would be excluded from affordability calculations. Mr B said if he had known this he would not have applied for the credit card as the main source of his income was not received in GBP.

HSBC apologised they had not considered Mr B's GBP income and acknowledged their service could have been better during the application process. HSBC paid £75 into Mr B's account with them to reflect that.

HSBC also offered to reassess Mr B's application using his GBP income but, given Mr B was told this would need to be processed as another application (leaving a further hard search on his credit file) and because he believed the GBP income was unlikely to be accepted for the minimum credit card limit of £5,000, Mr B declined a further review.

Unhappy with HSBC's handling of things Mr B brought his concerns to our service and our Investigator reviewed the matter. The Investigator concluded Mr B's complaint should not be upheld as there was no requirement for HSBC to share details of their underwriting criteria and they were satisfied HSBC had acted fairly. The Investigator found the offer of £75 fair in the circumstances to reflect the reduced level of service HSBC had given to Mr B during the application process.

Mr B disagreed. He said it should have been made clear that any non-GBP income would not have been accepted for the affordability assessment. Mr B said such an exclusion should form part of the eligibility criteria for the application, as it had nothing to do with the underwriter's assessment of the application.

As the Investigator was unable to resolve things the matter has come 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.

Given some of the submissions in this matter I think it helpful to explain that it is not for me to interfere with a business's systems, processes or controls. Or to interfere with their commercial decision-making. These are considerations for the regulator, the Financial Conduct Authority (FCA). My role here is to reach a decision that is fair and reasonable based on the circumstances of this individual complaint.

I think it's fair to say Mr B recognises it is HSBC's decision whether or not they consider non-GBP income as part of their underwriting assessment. And I agree this is a matter for HSBC's commercial judgement.

Mr B's point is that HSBC did not disclose the income related exclusion as part of the eligibility criteria for this particular credit card. He has said given his main source of income is not paid in GBP he would therefore not have applied for the credit card if he had known it would not be considered, therefore he would not now be left with a hard search on his credit file.

I have considered what Mr B has said, but I am unable to say what HSBC should set out in their eligibility criteria – ultimately HSBC decide their underwriting policy, what their application process looks like and what risk they are prepared to take in each individual application.

As is recognised within the regulatory framework and industry good practice, I would expect HSBC, where possible, to provide their customer with a main reason for why they declined a credit card application – which they have in Mr B's case. But due to commercial sensitivity they are not required to divulge more detailed reasons for their decision than this. I would also expect HSBC to offer a further review of an application where it is initially declined, and in this case I think it's fair to say HSBC were open to reviewing the application for Mr B again based on his GBP income. However, I would say it is disappointing HSBC did not recognise the GBP income Mr B did have earlier.

I understand now that Mr B's main concern is there is a hard search on his credit file which he believes could have been avoided but for HSBC's failure to disclose the limitation of what income they could consider as part of the application.

As part of their responsibilities for ensuring they report accurate and up to date data HSBC are required to record a hard search on an individual's credit file where an application for credit has been made. In the circumstances, I think the hard search has been fairly applied in relation to Mr B's application and there is not enough here to persuade me that it should be removed.

I would reassure Mr B that it is unlikely one hard search will have affected his credit file or ability to apply for credit. Generally speaking, it is more likely that several hard searches close together, without a successful application, could influence a prospective lender's decision to lend. Although ultimately, it will be up to each individual lender to make their own decision.

I've considered the offer of £75 HSBC put forward to recognise the level of service they provided during the application process, and I think this is reasonable in these circumstances given there was some delay in processing the application and HSBC did not consider Mr B's GBP income when they should have done.

Overall, I do recognise Mr B's frustration in this case, but I've not seen enough to persuade me HSBC have done something wrong or treated Mr B unfairly here. And HSBC's offer to recognise their level of service to Mr B fell short is fair in the circumstances.

My final decision

For the reasons above, my final decision is that I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 May 2025.

Kristina Mathews
Ombudsman