

The complaint

Mr T complains that HSBC UK Bank Plc declined his application for a credit card and conducted a hard search on his credit file without his authorisation.

What happened

Mr T received an invitation to apply for a pre-approved credit card with HSBC. He applied for the card, but his application was declined because he didn't meet the lending criteria.

Mr T is unhappy that HSBC conducted a hard search on his credit file as part of the application process. He complained to HSBC and asked them to remove the hard search.

HSBC didn't uphold the complaint. It said that Mr T had been informed during the application process about the hard credit search.

Mr T remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said that HSBC wasn't under an obligation to provide any further details about why the application was declined, and that pre-approved status didn't guarantee that an application would be accepted. The investigator said that when processing the application HSBC would have conducted a hard search to use the information provided by both Mr T and from the credit reference agencies to make a commercial decision on whether to accept the application. The investigator said that details of the credit search had been highlighted at the end of the application before it was submitted and was something that Mr T would have been aware of.

Mr T didn't agree. He said his complaint wasn't about his application being declined but he was concerned that HSBC had conducted a hard search unnecessarily after having given him pre-approved status. Mr T said he hadn't been provided with evidence that he'd authorised a hard search.

Because Mr T 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 Mr T, but I agree with the investigators opinion. I'll explain why.

Mr T has said that his complaint isn't about his application being declined. He's said he isn't concerned that his application wasn't accepted, but he is concerned about the hard credit search which has been left on his credit file. He's also queried whether he authorised the hard search. I've focussed on the hard search for the purposes of this decision.

Firstly, I'll address the pre-approval point. Mr T has said that it shouldn't have been necessary for HSBC to carry out a search because his application was pre-approved. "Pre-approved" status doesn't guarantee that an application will be accepted. It only gives an

indication of the likelihood of an application being accepted. Pre-approved applications are subject to a credit search in the same way as any other application.

Mr T has said that other credit card companies carry out soft credit checks. I haven't seen any evidence to support this. Generally, this service would expect a hard credit search to be carried out in circumstances where a consumer was applying for finance such as a credit card, a loan or a mortgage. A hard credit search is considered to be necessary for this type of lending because it allows the lender to look at a consumers track record of repaying money they have previously borrowed.

I've reviewed the screenshots provided by HSBC. These show the same screens that Mr T would have seen as he progressed through the application. Towards the end of the application there is a screen with the heading "Credit reference agencies (CRAs) and credit scoring. This section makes it clear that HSBC may search and share a consumers personal information with credit reference agencies. Mr T would have been able to read the information about the credit search and decide whether to proceed by clicking to the next page. By clicking on the screen headed Credit Reference Agencies Mr T gave his authority for HSBC to conduct the credit search.

Based on the evidence I've seen, I haven't seen anything to suggest that HSBC hasn't followed its processes correctly. I'm satisfied that Mr T was made aware of the possibility that HSBC might search his credit file and that he consented to this by clicking through to the next screen in the application and submitting the application. I'm unable to say that HSBC made an error when it carried out the credit search and therefore, I can't ask them to remove it from Mr T's credit file.

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 Mr T to accept or reject my decision before 30 July 2025.

Emma Davy
Ombudsman