

## **The complaint**

Mr K complains that HSBC UK Bank Plc won't provide him with the specific reason it declined an application he made for a loan.

## **What happened**

Mr K applied for a £50,000 loan with HSBC. His application was declined, and he was told that it was declined as a result of something on his credit file, but HSBC wasn't specific about what this was.

Mr K says there isn't anything on his credit report that ought to have given rise to HSBC declining his application. And HSBC won't confirm what it was that led to his application having been declined. He's said that he feels the decision might be down to an issue with its automatic decision-making process.

Mr K says as a result of the declined application, he has had to take out a loan with his mortgage provider. He's says he's lost out as a result of having to do this because he will now have to pay early termination fees. He said his credit rating has also been affected.

HSBC upheld Mr K's complaint in part. It offered him £50 as a result of some customer service issues he experienced. However, it didn't think it had done anything wrong in declining his loan application. And that the reason his application had been declined was because of something on his credit report.

An Investigator also considered what both parties had said, but they didn't think Mr K's complaint should be upheld. They explained that they'd seen enough evidence to persuade them that HSBC had fairly declined the application.

Mr K didn't agree. He said his complaint wasn't about the application being declined, but it was about HSBC not providing him with a specific reason – especially given that the credit reports he has obtained, show his credit score as being perfect.

Because an agreement couldn't be reached, the complaint has been passed to me to decide on the matter.

Prior to me coming to my decision, I asked HSBC some more information. HSBC explained to me that it had received information from the credit reference agency that at least one of his accounts was being reported as in an arrangement to pay. I explained this to Mr K. And he expressed dissatisfaction with HSBC's communication around that matter, and that by it not being specific about the issue, had caused him distress.

## **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 considered everything available to me, I won't be upholding Mr K's complaint. I appreciate this decision will come as a disappointment to him, however I will explain my reasons for this below.

There is no guarantee that an application for lending will be approved. Whether a business is prepared to lend to a customer is usually determined by its lending criteria. And this service generally wouldn't interfere with a business' commercial decision on what risks it is prepared to take when lending to a customer. There is also an expectation that a business reviews an application to ensure that it lends responsibly.

HSBC explained to Mr K that the reason it declined his application was because of information on his credit file. I understand that Mr K is disappointed that HSBC weren't more specific than this, which he says has caused him confusion about why it is that his application was declined. But HSBC didn't need to be more specific than this. It is only required to provide Mr K with the main reason it declined the application, and it doesn't need to provide more detail about what this is.

I note that Mr K thinks HSBC has an obligation to share the information with him, as it could prevent fraud. I can understand Mr K's point, but as I've explained, there was no requirement on HSBC to share this information with Mr K. And ultimately, this would be something for the credit reference agencies to look into.

That being said, as I understand it, the credit report Mr K has obtained online doesn't show there are any issues. But, as I've explained to Mr K, this isn't the information HSBC received at the time. I have seen evidence from HSBC (provided via a credit search at application stage) which shows that Mr K was in an arrangement with at least one of his other creditors. I accept this information doesn't show on the credit report Mr K has been able to obtain online, so I can understand why he might have been confused about HSBC's reasons for declining his application. But HSBC are entitled to rely on the information it receives from the credit reference agencies when making a decision about whether to lend or not. So I don't find that it did anything unfair or unreasonable in declining Mr K's application in light of the information it got from the credit report.

I have also asked HSBC to do some further investigations into what has happened here, given that the credit report Mr K has obtained, and shared with this Service, doesn't appear to show anything adverse. While I can't share with Mr K what HSBC has explained to me more recently, I'm satisfied that the credit search carried out by HSBC shows Mr K as being in an arrangement. Even if the information HSBC received as part of the credit search isn't correct (I make no finding here on whether it is or it isn't), I can't fairly find that HSBC has done anything wrong here, as it has acted in accordance with the information it received about Mr K. If Mr K has concerns about what is being reported about him, he will need to make his own enquires with the credit reference agencies and/ or his other creditors.

### **My final decision**

For the reasons set out above, I don't uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 8 August 2025.

Sophie Wilkinson  
**Ombudsman**