

The complaint

Mr S complains about the service he received from HSBC UK Bank Plc in connection with a credit card application.

What happened

In February 2025, Mr S applied for a HSBC credit card. Some of the details he provided in his application didn't match those held under his existing customer profile with HSBC. As a result, HSBC were unable to proceed with Mr S's application and it remained on hold.

Mr S attempted to contact HSBC on a number of occasions for an update, but had several calls where it seems conflicting information was given to him. Mr S said that having spoken with HSBC, he then provided them with the information they said they needed in order to get his application progressing, but still, issues remained. So, Mr S requested that a manager get involved but was unable to be put through to one.

Ultimately, around three weeks later, following what appear to be a number of service-related issues, the application finally went through. However, it was subsequently declined, due to issues with Mr S's employment status, so Mr S complained. He said the service he received was poor, and the above issues had resulted in him having to make larger payments to his current card provider.

HSBC considered Mr S's complaint and agreed that the service fell short of what should have been expected. They agreed to provide feedback to their staff members, remove any record of the credit application from Mr S's credit file, and they credited his account with a compensation payment of £200.

But Mr S was unsatisfied with HSBC's response, so he brought his complaint to our service.

An investigator considered the matter, but ultimately, didn't think Mr S's complaint should be upheld. He agreed with Mr S that the service he received from HSBC fell below what he should have expected. But he was satisfied that HSBC's response and acceptance of their failings; along with an apology; an agreement to remove any record of the credit application from Mr S's credit file; and a compensation payment of £200, was a reasonable resolution to the concerns he'd raised.

But Mr S remained unhappy and said that he still wasn't confident that his credit file had been amended. So, as no agreement has been reached, Mr S's complaint has now 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, while this will no doubt disappoint Mr S, I agree with the findings of our investigator, and for broadly the same reasons. I'll explain.

The key issues to address here in my mind are one; did the overall service Mr S received when trying to apply for a credit card, fall below what he should come to expect, and two; if so, what should be done to put things right; thinking about both the losses Mr S said he incurred with his existing credit card provider, and the damage he said this had done to his credit file. I've also thought about any distress this matter may have caused.

When Mr S first tried to apply for the credit card, the application initially didn't go ahead as it seems there were some discrepancies between the email address Mr S provided and the one HSBC already held on Mr S's customer profile. There also seemed to be some concerns with Mr S's employee status and income information.

Mr S reached out to HSBC to try and resolve matters and updated his email address, and was told that the issue was resolved, and that HSBC would proceed with his application. But when he called back at a later date, it seems that his email address hadn't been updated, and his application was no further along than it was previously. Mr S requested he be put through to a manager to discuss the matter as he'd lost faith in the person he was dealing with, but this also did not happen.

I think the above would've been very frustrating for Mr S, given he was applying for what seemed to be a fairly straight-forward product, and HSBC had failed to be able to process his application successfully.

I can also see that on two further occasions when Mr S called in, he was told on one occasion that he should reapply for the credit card in order to resolve this matter; and on a second, to visit a branch to process his application. And when HSBC did finally complete Mr S's application, it was then declined due to issues with Mr S's employment status.

HSBC have now accepted that more could have been done to understand Mr S's employment status, and that this could've led to a different outcome when he applied. They have also agreed that they shouldn't have suggested for him to go into a branch to resolve matters; and they acknowledge that the overall service was poor.

There were a number of failings here on HSBC's part, and what I've set out above doesn't list them all. But as well as the errors made, it seems HSBC had lost control of Mr S's application. They were unable to provide Mr S with correct updates, and their attempts to pull matters back on track were unsuccessful; and they recognise they could've done more to improve the chances of his application being successful.

So based on the above, and HSBC's acceptance of those shortcomings, I'm satisfied that some compensation is due. I will pick up on this later in my decision.

Turning to the losses Mr S said he incurred, he has explained that he had to make two further payments under his original credit card as a result of his new application not proceeding, and him being unable to process the balance transfer. Mr S has said this has caused him a loss (which I presume was as a result of the old account becoming interest bearing after an initial interest-free period).

I accept that had Mr S's application gone ahead correctly the first time, the balance transfer would've been completed earlier. But there is no guarantee that it would've been successful, or that Mr S wouldn't have had to continue to pay a higher amount on his older card for a while longer.

So, while frustrating, I don't think it would be right in the circumstances to hold HSBC responsible for any additional costs Mr S incurred, as he did not have a product with HSBC

at the time, and there is no guarantee that his application would have secured him the balance transfer he wanted.

Finally, looking at the issue of the credit marker, I agree that Mr S would have had an unnecessary marker against his credit file in respect of the application he made, based on the repeated errors that occurred. So, I agree with HSBC, and the investigator, that this should be removed.

HSBC have said in their final response that they have instructed the credit reference agencies to remove this marker. But I understand that Mr S is not confident that this has happened.

The investigator asked Mr S to provide a copy of his credit file to show that a marker was still present, and said that if one was, he could speak to HSBC to ensure this was removed. But it seems Mr S was unwilling to provide this due to concerns about further markers being added to his credit file.

I appreciate why Mr S may have concerns about HSBC having done what they said they would, and may have lost confidence in them, given the issues he's experienced. But equally, I need to take what HSBC have told us at face value, and they've explained in their final response letter, that they have instructed CRAs to remove the credit search from Mr S's file in respect of the above application. So, in the absence of any evidence to the contrary, there's nothing I've seen to suggest that HSBC have not done what they said they would here.

So, to summarise. While I don't think HSBC need to reimburse Mr S for any financial losses incurred, I am persuaded that they should remove the credit application marker from Mr S's credit file, if they haven't already. And to the topic of compensation, there were a number of calls that took place, in excess of two hours in total, where Mr S was provided with either wrong, or conflicting information; and at each step of trying to resolve the problem it seems further issues occurred; resulting in a declined application, and an unnecessary marker against Mr S's credit file. I think this would have been both frustrating, and distressing for Mr S, and not the service he should come to expect.

That being said, in an effort to resolve Mr S's complaint, in addition to the other actions noted, HSBC have apologised and agreed to compensate Mr S £200 for any distress this matter would have caused. I don't think this is a small amount, and it's in line with what I would look to award on similar cases. I should also note that my role is not to punish firms for any failings, but instead, to compensate customers for the impact those shortcomings may have had. So, for those reasons, on balance, I'm satisfied the resolution proposed by HSBC is a fair one in the circumstances. And for these reasons I won't be asking them to do anything further here.

My final decision

My final decision is that I uphold Mr S's complaint, and if they haven't already, HSBC UK Bank Plc should instruct CRAs remove the application marker from Mr S's credit file in connection with the above application; and pay him £200 compensation for any distress this matter may have caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 July 2025.

Brad McIlquham

Ombudsman