DRN-5616687

The complaint

Mr S complains HSBC UK Bank Plc ("HSBC") declined his application for a loan to consolidate his existing debts.

What happened

Mr S visited a HSBC branch to apply for a loan of £20,000, to be repaid over five years. He made it clear this was to repay three credit cards he already held. He said he's paying over £1,000 a month to repay those cards, and the loan he was applying for would be around £400 per month, so made sense for him.

The loan wasn't accepted on the spot, so the advisor told him they'd need to speak to the underwriters and call him back later that day. They called back to advise him the loan application had been declined due to failed credit scoring.

Mr S complained – he said he's been a customer of HSBC for over 55 years and his third party referencing agency account was locked, so he doesn't believe HSBC could've got proper information from them.

HSBC responded to the complaint. They said they're committed to responsible lending, and he didn't meet the criteria, so there was nothing further they could do. Mr S remained unhappy so referred the complaint to our Service.

An Investigator here looked into things. They agreed that HSBC hadn't acted unfairly. Business can decline applications if they wish.

Mr S didn't agree. He said he wasn't applying for additional lending, but he was looking to consolidate. He feels he's a safe customer as he has a guaranteed monthly income of over £5,000 and owns his home outright. He's since moved his account and been provided with the loan from another lender, but he feels HSBC have treated him appallingly.

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 considered everything available to me, I won't be upholding Mr S' complaint. I know this will come as a disappointment to him, but I will explain my reasoning 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 has said that Mr S didn't meet their lending criteria – and their lending criteria isn't something they're required to share with either Mr S or our Service.

I can see though, that they reviewed Mr S' application and did a credit check to see what information was being reported about Mr S' financial history. HSBC explained to Mr S that the reason it declined his application was because of information on his credit file. I understand that Mr S is disappointed that HSBC weren't more specific than this, as he himself believes his credit reference account is blocked. But HSBC didn't need to be more specific than this. It is only required to provide Mr S with the main reason it declined the application, and it doesn't need to provide more detail about what this is.

I'm pleased to see Mr S has been able to obtain a loan from a different lender to clear the cards at a cheaper rate. I understand why Mr S is disappointed, but unfortunately, I can't say HSBC have treated him unfairly. Our Service can't tell HSBC to lend, nor can we punish HSBC for not disclosing further information about their lending criteria, so I'm unable to provide Mr S with more detail around the decline. I also don't think HSBC did anything wrong, so I'm not asking them to pay Mr S compensation for declining his application.

My final decision

It's my final decision that I do not uphold Mr S' complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 30 September 2025.

Meg Raymond
Ombudsman