

## **Complaint**

Mr B has complained about a credit card HSBC UK Bank Plc (trading as “HSBC”) provided to him. He says that the credit card was unaffordable for him and he had to go onto payment plans which caused ongoing difficulty.

## **Background**

HSBC provided Mr B with a credit card which had a credit limit in February 2015. HSBC says that as its records don’t go as far back as then it doesn’t know what Mr B’s credit limit was at that stage. Nonetheless, it knows that at the time of its earliest records, October 2018, the limit on Mr B’s credit card was £6,500.00.

In September 2024, Mr B complained saying that the credit card was unaffordable and he had to go onto payment plans which caused ongoing difficulty.

HSBC did not uphold Mr B’s complaint. It believed that Mr B had complained too late. Mr B remained dissatisfied at HSBC’s response and referred his complaint to our service.

When responding to our request for its file on Mr B’s complaint, HSBC reiterated its belief that Mr B had complained too late. One of our investigators reviewed what Mr B and HSBC had told us. He thought that while we could look at Mr B’s complaint, he wasn’t persuaded that HSBC had done anything wrong or treated Mr B unfairly. So he didn’t recommend that Mr B’s complaint be upheld.

Mr B disagreed and asked for an ombudsman to look at the complaint.

## **My findings**

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

### *Basis for my consideration of this complaint*

There are time limits for referring a complaint to the Financial Ombudsman Service. HSBC has argued that Mr B’s complaint about the decision to provide the card was made too late because he complained more than six years after the lending decision; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr B’s complaint as being one alleging that the relationship between him and HSBC was unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr B’s complaint. Given the reasons for this, I’m satisfied that whether Mr B’s complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr B's complaint should be considered more broadly than just the lending decision. I consider this to be the case as Mr B has not only complained not about the decision to lend but has also alleged that this unfairly caused ongoing financial difficulty as he had to go onto payment plans.

I'm therefore satisfied that Mr B's complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between him and HSBC. I acknowledge HSBC may not agree that we can look at Mr B's complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr B's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr B's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and HSBC, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (HSBC) and the debtor (Mr B), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr B's complaint, I therefore need to think about whether HSBC's decision to initially lend to Mr B, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr B and HSBC being unfair to Mr B, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr B's relationship with HSBC is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr B's ability to make his repayments in circumstances where doing so would have revealed the credit card to be unaffordable, or that it was irresponsible to lend. And if this was the case, HSBC then didn't somehow then remove the unfairness this created.

I've considered Mr B's complaint in this context.

### *Our approach to complaints about irresponsible and unaffordable lending*

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr B's complaint.

HSBC needed to make sure it didn't lend irresponsibly. In practice, what this means is HSBC

needed to carry out proportionate checks to be able to understand whether Mr B could afford to repay any credit it provided.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So we'd expect a lender to be able to show that it didn't continue to lend to a customer irresponsibly.

*Application to Mr B's complaint – Did HSBC act fairly and reasonably when offering Mr B a credit card?*

What's important to note is that Mr B was provided with a revolving credit facility rather than a loan. Bearing in mind Mr B's arguments and Mr B did have a credit limit of £6,500.00, I'm prepared to accept that the card was opened with a limit of this much. This means that HSBC was required to understand whether a maximum of £6,500.00 could be repaid within a reasonable period of time, rather than all in one go.

It's important to note that the only guidance on a reasonable period of time, is contained in CONC 5.3.1G (8)(b)<sup>1</sup>. It states that a lender should have regard to the typical time required for repayment that would apply to a fixed-sum unsecured personal loan for an amount equal to the credit limit. I think that a typical repayment period for a fixed-sum loan of £6,500.00, in February 2015, would have been around five years.

Given the length of time that's passed, HSBC hasn't been able to provide details of what it saw about Mr B's circumstances at the time of his application. However, I understand that it's general process at this time would have seen it ask Mr B for details of his employer and his income and also carry out a credit search. I also understand that Mr B didn't have any significant adverse information such as defaulted accounts or county court judgments recorded against him at the time he applied for this credit.

The information Mr B has provided shows that he was employed and receiving a regular income. Furthermore, when what I've been able to discern of Mr B's regular committed expenditure is deducted from his income, he seems to have had sufficient funds left over in order to repay £6,500.00 over a five year period.

In reaching my conclusions, I've noted what Mr B has said about the balances he owed to his other creditors in September 2018 and his overall level of indebtedness should be considered. However, Mr B's debt balances in September 2018 isn't in itself reflective of Mr B's financial position in February 2015. Equally, given it is a more than three and a half year period, I don't agree with Mr B when he says that there was no way he could have accumulated as much debt as he had, in September 2018, after February 2015.

For the sake of completeness, I'd also add that it's only fair and reasonable for me to uphold a complaint in circumstances where I'm satisfied that proportionate checks will more likely than not have shown a lender that the payments were unaffordable. It is not sufficient for me to uphold a complaint simply because there is a possibility that the credit may have proved gone on to be unaffordable a few years after having been granted.

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<sup>1</sup> This version of the rule was in place when Mr M was initially provided with his credit card in February 2015.

In this case, I've not seen sufficient evidence to be persuaded that it is more likely that not that Mr B was provided with a credit card that was unaffordable for him in February 2015. Mr B's position in September 2018, does not persuade me that this was the case. Consequently, I'm not persuaded that it was unfair for HSBC to offer this credit card to Mr B, or that it doing so created unfairness either.

Overall, and based on the available evidence I don't find that Mr B's relationship with HSBC was unfair. I've not been persuaded that HSBC created unfairness in its relationship with Mr B by irresponsibly lending to him whether when agreeing to provide him with a credit card. I don't find HSBC treated Mr B unfairly in any other way either based on what I've seen.

So having considered everything, while I can understand Mr B's sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr B. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

### **My final decision**

For the reasons I've explained, I'm not upholding 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 October 2025.

Jeshen Narayanan  
**Ombudsman**