

Complaint

Mr M has complained about a credit card HSBC UK Bank Plc ("HSBC") provided to him. He says that the credit card was unaffordable for him and caused him ongoing financial difficulty.

Background

In January 2017, HSBC provided Mr M with a credit card which had a credit limit of £2,000.00. Mr M's credit limit was never increased.

In June 2024, Mr M complained saying that the credit card was unaffordable and caused him ongoing financial difficulty. HSBC did not uphold Mr M's complaint. It believed that Mr M had complained too late. Mr M remained dissatisfied and referred his complaint to our service.

When responding to our request for its file on Mr M's complaint, HSBC reiterated its belief that Mr M had complained too late. One of our investigators reviewed what Mr M and HSBC had told us. And he thought HSBC hadn't done anything wrong or treated Mr M unfairly. So he didn't recommend that Mr M's complaint be upheld.

Mr M 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 M's complaint was made too late because he complained more than six years after its decision to provide him with a credit card; 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 M'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 M's complaint. Given the reasons for this, I'm satisfied that whether Mr M'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 M's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr M 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 take out further credit to maintain his payments.

I'm therefore satisfied that Mr M'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 M'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 M's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr M'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 M), 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 M's complaint, I therefore need to think about whether HSBC's decision to initially lend to Mr M, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr M and HSBC being unfair to Mr M, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr M's relationship with HSBC is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr M'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 M'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 M'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 M 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.

The partes' submissions

HSBC says it initially agreed to Mr M's application after it took some information on his income and carried out a credit search. And the information obtained indicated that Mr M would be able to make the monthly repayment due on this credit card.

On the other hand, Mr M says that credit card was unaffordable for him and caused him ongoing financial difficulty.

I've considered what the parties have said.

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

What's important to note is that Mr M was provided with a revolving credit facility rather than a loan. And this means that HSBC was required to understand whether a maximum of £2,000.00 could be repaid within a reasonable period of time, rather than all in one go. I think it's fair to say that the monthly repayments required to repay a credit limit of £2,000.00 weren't especially large.

I've seen records of the information HSBC obtained from Mr M about his income and what was on the credit search carried out. HSBC says that Mr M was retired and in receipt of a pension at the time of the application. From the information provided, it also appears fair to say that Mr M 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 card.

Furthermore, when reasonable repayments to the amount that Mr M already owed were combined with estimated living expenses based on statistical data and then deducted from his income, it looks like HSBC was reasonably entitled to conclude that Mr M had sufficient funds left over to make the repayments that could be required to this credit card.

Bearing in mind all of these circumstances, it doesn't appear unreasonable for HSBC to have agreed to Mr M's application.

For the sake of completeness, I'd also add that even if I were to conclude that checks carried out weren't sufficient, I don't think that HSBC would have made a different decision even if it had asked Mr M for more information. I say this because at the absolute most it could be said that HSBC ought to have asked Mr M more about his actual living costs rather than relied on estimates of this.

I say this because having reviewed the information Mr M has provided on his actual circumstances it's clear that they were worse than what the information about his committed living costs and existing commitments to credit shows. Mr M says that he was provided with this credit card whilst in the midst of a gambling addiction. I'm sorry to hear about what Mr M has told us. I also accept that it is possible that HSBC might have reached a different lending decision had it known about what Mr M has now told us.

But the key thing here is not only did Mr M not make HSBC aware about his gambling, I don't think it can be reasonably expected to have known about this either, as it didn't need to ask for copies of Mr M's bank statements. In these circumstances, whilst I do sympathise with what Mr M has said and I'm not seeking to dismiss or trivialise what he's told us, it's simply the case that HSBC could not have factored this into its lending decisions. I say this particularly in light of my conclusions that proportionate checks would more likely than not have shown the payments required to this credit card to be unaffordable.

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

So overall and having considered everything, while I can understand Mr M's sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr M. 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 M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 October 2025.

Jeshen Narayanan
Ombudsman