

The complaint

Mr M is unhappy that HSBC UK Bank Plc declined his credit card account application.

What happened

Mr M applied online for a HSBC credit card, but his application was rejected by HSBC's automated systems. Mr M wasn't happy about this, and he was concerned that HSBC held incorrect information about him or had rejected his application based on his country of birth. Mr M was also unhappy that HSBC wouldn't conduct a manual review of his application or provide him with any meaningful opportunity to challenge the decision, and he was also unhappy that HSBC didn't provide him with a clear and detailed explanation of why his application had been declined. So, he raised a complaint.

HSBC responded to Mr M and explained that their account application process considered three broad areas; the information HSBC received from Mr S in the application, the information HSBC obtained from the credit reference agencies ("CRAs"), and how Mr M had managed his existing accounts with HSBC. And HSBC confirmed that Mr M's application hadn't met their lending criteria when considered against these three broad areas. HSBC also explained that if Mr M felt that HSBC had obtained incorrect information from the CRAs, then Mr M would need to take that matter up with the CRAs directly. Mr M wasn't satisfied with HSBC's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that HSBC had acted unfairly by declining Mr M's application or by refusing to conduct a manual review of the application. Mr M remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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, I feel it's important to note that a credit card account isn't a 'right' that a consumer has. Instead, all credit card accounts are provided entirely at the discretion of the credit provider, in this instance, HSBC.

Ultimately, it's for HSBC to decide whether they're willing to provide credit to an applicant, and in this instance, HSBC have confirmed that their initial review of Mr M's application, which was conducted automatically by their systems, resulted in Mr M not being considered to have met HSBC's lending criteria such that his application was declined. This doesn't seem unfair or unreasonable to me, and I wouldn't consider instructing a lender to provide credit to a complainant to whom they do not wish to provide credit.

Mr M would like HSBC to provide a clear and detailed explanation of exactly why his credit application failed. But HSBC aren't obliged to provide such detailed information to Mr M, and neither would I reasonably expect them to.

One reason I say this is because if HSBC did allow detailed information about their application assessment process and criteria to become public knowledge, there would then be a risk that future applicants might try to present an application that obscures or omits information that HSBC would consider important, which would then potentially reduce the effectiveness of HSBC's process. As such, I'm satisfied that it is fair and reasonable for HSBC to consider the details of their assessment process and criteria as being commercially sensitive, and to not provide detailed rejection information to dissatisfied applicants.

However, HSBC have provided the full details of why Mr M's application was rejected to this service. And while I'm not at liberty to share with Mr M, as per the above, I'm satisfied that HSBC have declined Mr M's application on a fair basis and inline with their lending criteria. This includes that I'm satisfied that Mr M's application wasn't rejected because of factors such as his country of birth. I realise it will be frustrating for Mr M to not be able to obtain this detailed decline information himself, but I hope he understands why this is the case and finds some closure in knowing that an impartial party has reviewed this information and hasn't found HSBC to have acted unfairly.

Mr M has also said that HSBC may hold incorrect information for him or may have obtained incorrect information from the CRAs. But I haven't seen any evidence to suggest that HSBC didn't accurately consider the information Mr M provided in the application. Additionally, it's Mr M's responsibility to ensure that the information that HSBC and the CRAs hold for him is correct. As such, if HSBC have assessed Mr M's application using incorrect information, that wouldn't be something that I would consider HSBC accountable for.

Should he so choose, Mr M could review the information that HSBC and the CRAs hold for him and correct any mistakes or discrepancies with them before applying to HSBC for a credit account again. However, it must be reiterated that any future application that Mr M might make would be assessed by HSBC against their lending criteria, and so while any corrections that Mr M might make should guarantee that HSBC have accurate information regarding Mr M, there is no guarantee that future application would be successful.

Mr M is also unhappy that HSBC wouldn't conduct a manual review of his declined application or allow him to meaningfully challenge the decision, which Mr M felt HSBC were obliged to do. In this regard, I note that Mr M refers to HSBC's 'Guide to Credit Scoring and Credit Reference Agencies', which states:

"We may provide you with an automated decision. If we decline the application, you have the right to ask for this to be reviewed by a member of staff."

Mr M feels that it's implicit from the above quote that if he does ask for his application to be reviewed, which he did, that his request would be accepted and that a manual review would take place. But in response to Mr M's request, HSBC declined to conduct a manual review, saying that the automated process had led to a decline that they considered to be 'clear cut', such that no review of that decision was warranted.

I don't agree with Mr M's contention that the above quote means that HSBC should have manually reviewed his application because he asked them to. If that were the case, then I feel the relevant statement would be, '*you have the right for this to be reviewed by a member of staff*'. And I feel that the fact that HSBC's statement says the '*you have the right to ask for this to be reviewed...*' does mean that HSBC can consider the request but decline it where they are satisfied that there is little chance of the review finding in favour of the declined applicant. Indeed, this makes sense to me, given that if HSBC did allow any applicant who had been automatically declined to have a manual review, this could potentially result in an excess of essentially pointless reviews with little to no chance of success that would take up valuable employee time.

Finally, Mr M is unhappy that HSBC's complaint handler suggested that one reason for his application being rejected was because Mr M didn't use his HSBC current account regularly enough. But while the fact that how Mr M uses his HSBC current account may have had an effect on the application, for instance, potentially by not enabling HSBC to verify his income or spending patterns, I'm satisfied that it wasn't the reason that HSBC declined Mr M's application, which as stated above, I feel was declined on a fair and reasonable basis inline with HSBC's lending criteria.

All of which means that, while HSBC did conduct an automated assessment of Mr M's credit account application, I'm satisfied that assessment was conducted based on the information Mr M provided to them in his application, information HSBC obtained from the CRAs, and information HSBC already held on Mr M. And I'm also satisfied HSBC's declining of Mr M's application, having assessed that information against their lending criteria, was not unreasonable or unfair.

It therefore follows that my final decision here is that I will not be upholding this complaint or instructing HSBC to take any further or alternative action. I realise this won't be the outcome Mr M was wanting, but I hope that he'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 August 2025.

Paul Cooper
Ombudsman