

The complaint

Mr R complains that HSBC UK Bank Plc ('HSBC') allowed several transactions to go through on his current account which took him into an unarranged overdraft.

What happened

Mr R opened a current account with HSBC in September 2021. On 12 June 2024, a number of transactions were authorised by HSBC. He later went into his unauthorised overdraft when those transaction funds were taken from his account several days later.

Mr R says that HSBC has acted unfairly and contrary to its own terms and conditions and that as a result his credit file has been affected.

HSBC says that the relevant transactions, once authorised, were 'ring-fenced' in advance of the request for payment from the retailer, which was in this case a sports-betting company. It said when it's unable to match the authorisation to a settlement request, the ring-fencing ends and the funds will be available for other payments. This happens after three days. So, when the sports-betting company debited the transactions on 17 June 2025 – five days later – the funds were no longer ring-fenced and so were now available to Mr R for other transactions. HSBC therefore said that no error had occurred.

Our investigator looked into the complaint. He didn't think HSBC had acted unfairly for the transactions that were originally authorised on 12 June 2024. He also thought HSBC hadn't acted unfairly by reporting the account so that Mr R's credit file showed the resulting debt as still owing.

But our investigator also thought HSBC ought not to have allowed three further sports-betting type transactions from a different company, to be debited from Mr R's account on 17 June 2024. This was because the account would likely already have been in its unauthorised overdraft when HSBC received the payment instructions.

Our investigator also thought HSBC caused Mr R some inconvenience by taking two months to send him the account terms and conditions. So he suggested an award of £100 for distress and inconvenience.

HSBC agreed to our investigator's findings and confirmed that no charges or interest have been made to the account since it went overdraft in June 2024.

As Mr R is unhappy with our investigator's finding, the complaint has been passed to me for a 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.

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 R's complaint.

I'd like to reassure Mr R that I've looked at the complaint afresh and independently reviewed all the available information, including what he's said in response to our investigator's view. Having done so, I'm broadly in agreement with our investigator's finding. I'll explain why.

Unauthorised overdraft

Mr R made regular online-betting transactions as a way of enhancing his existing income. For the purposes of this complaint, I therefore don't think this type of transaction were in themselves something that HSBC needed to be concerned about, for example in terms of indicating potential financial difficulty.

The issue here is about seven sports-betting transactions of £1,000 and a single transaction of £475 that were all made on 12 June 2024 to one particular sports-betting company. Mr R paid for these using his debit card. The funds were not taken on that date but were put on hold – or ring-fenced – so that the sports-betting company could then collect them. HSBC would keep the total sum that had been authorised on hold for up to three days.

I've seen there's a question about what Mr R thought was in his account at the time, based on what his mobile app showed. As an HSBC customer, Mr R was or ought to have been aware of the need to keep an eye on what was happening with his account. I think this was especially important here given that he was making regular transactions of significant value. Mr R was familiar with making this type of transaction and so would likely already have been aware that authorisations of this type – as with many other retail transactions - would not necessarily lead to funds immediately being debited from his account.

HSBC says the payments Mr R had made on 12 June 2024 were not collected from the sports-betting company until 17 June 2024. By this time the ring-fencing had ended, given that the three days HSBC had allowed for the settlement request to be made had now passed. The funds were then released back to Mr R. So, the ring fencing would have ended by 17 June 2024, leaving Mr R free to use the funds. By then Mr R had made further transactions that led to his account going into an unarranged overdraft.

To summarise, on 12 June 2024 Mr R's account had sufficient funds to meet the transactions that he made that day. The transactions weren't actually taken from his account until 17 June 2024. I think that Mr R was or ought to have been tracking his account. That way he would have been aware there had been a delay in taking the funds he'd paid for with his debit card on 12 June 2024. This would have enabled him to query what was happening with the sports-betting company. As that didn't happen, he went on to use the available funds from his account for further transactions, including more sports-betting activity.

It follows that I agree that HSBC didn't act unfairly when it allowed these transactions to be paid. I would add here that HSBC's terms and conditions allow customers to make use of an unauthorised overdraft facility on the understanding that the credit is paid back as soon as possible.

Credit reporting

Having provided Mr R with several breathing spaces for the outstanding amount on the account, with the last one ending in December 2024, HSBC started seeking to recover it in May 2025. I understand the debt remains outstanding at this time.

I would not expect HSBC to further defer from reporting the account as showing a debt once it falls due, notwithstanding that this service is looking into it. HSBC has an obligation to report the status of a customer's account accurately. I also agree that HSBC looked into the complaint reasonably promptly and provided Mr R with a satisfactory level of support.

Additional sports-betting transactions on 17 June 2024

Mr R said HSBC ought not to have allowed three further sports-betting transactions on 17 June 2024, totalling £4,000, given that by then the account would already have been in the unauthorised overdraft.

I see these were with a different sports-betting company which were paid on 17 June 2024. Again, it's reasonable to think Mr R was aware of his overall spending on this type of transaction, alongside his earlier sports-betting transactions.

Our investigator agreed with Mr R and said HSBC should refund interest and charges for those transactions. On balance I agree, on the basis that there's not enough evidence available to show why these additional three transactions were approved. HSBC says that no interest has been charged.

Distress and inconvenience

Our investigator decided that HSBC should pay Mr R £100 for the delay in responding to his request for a copy of the account terms and conditions. HSBC has agreed to pay this, and I consider the award to be fair and reasonable.

Response to our investigator's findings

I've seen that Mr R says he shouldn't be impacted by the outstanding debt being recorded on his credit file, given that some of the lending that took place ought not to have been approved. But these were transactions that Mr R agreed to and so ought to have been fully aware of. And, as our investigator has said, Mr R's account was already in the unarranged overdraft and so the additional transactions would not have changed the position.

Mr R also considers that HSBC was wrong in any event to allow his account to go overdrawn and that in doing so it violated its own terms and conditions. I don't agree. The terms and conditions say that an unarranged overdraft, unlike an arranged overdraft, is where "*Without you asking in advance..., we let you borrow money for something specific.*" HSBC also says that an unarranged overdraft "*includes where we let you borrow for a particular payment or charge....*" The borrowing is emergency in nature because the customer doesn't have the opportunity to seek prior approval.

Once Mr R became aware that he had used the unarranged overdraft, he needed to put his account back in credit as soon as possible – or approach HSBC for help and support. As I've previously mentioned, Mr R was given three breathing spaces in the months that followed his bringing his concerns to their attention. It follows that, in the specific circumstances of this complaint, I don't consider that HSBC operated outside its own terms of business.

Unfair relationship

I've considered whether the relationship between Mr R and HSBC might have been unfair under S.140A of the Consumer Credit Act 1974. However, I'm satisfied the redress I have directed should be carried out for Mr R results in fair compensation for him in the circumstances of his complaint. I'm satisfied, based on what I've seen, that no additional award would be appropriate in this case.

Putting things right – what HSBC needs to do

Mr R needs to be put back in the position he would've been in but for HSBC's error in relation to the three further transactions, taken with a difference sports-betting company, on 17 June 2024, to the extent that it is fair and reasonable to do so. Here, Mr R has already had the benefit of the funds provided to him for the transactions they were spent on. In these circumstances, we think that a consumer should not be expected to pay for the cost of having been provided with those funds.

HSBC has said it agrees with our investigator's findings. It says no interest, fees or charges have been applied to the account since it went into the unarranged overdraft in June 2024.

HSBC should also pay Mr R £100 by way of compensation for distress and inconvenience arising from the delay in sending him the terms and conditions.

My final decision

I uphold this complaint in part and require HSBC UK Bank Plc to pay compensation to Mr R for distress and inconvenience as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 15 October 2025.

Michael Goldberg
Ombudsman