DRN-5705998

The complaint

Mr J complains that HSBC UK Bank Plc declined his application for a personal loan and didn't provide him with the reason why.

What happened

In April 2025 Mr J applied for a personal loan of £20,000 with HSBC. His application was declined.

Mr J contacted HSBC for further information and was advised that the application had been rejected based on his credit score.

Mr J obtained a copy of his credit report. The credit reference agency advised Mr J that they had no record of anything that would explain the rejection.

Mr J complained to HSBC. HSBC didn't uphold the complaint. In its final response it explained that it assessed the application using credit scoring which took into consideration the information provided in the application, information on how accounts with HSBC had been managed and information provided by the credit reference agencies. HSBC said it was unable to agree further lending based on a combination of these factors.

Mr J remained unhappy and complained to this service.

Our investigator didn't uphold the complaint. He said that HSBC had complied with the relevant legislation by providing Mr J with the primary reason for the decline.

Mr J didn't agree. He said HSBC had failed to provide constructive feedback or practical steps he could take to improve his eligibility in the future. He said he thought this set a concerning precedent where customers are expected to navigate automated systems without human explanation or support.

Because Mr J didn't agree I've been asked to review the complaint.

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.

I know it will disappoint Mr J, but I agree with the investigator's opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I've reviewed the final response that HSBC sent to Mr J. It explained that the application had been declined because of credit scoring.

It’s up to each lender to set their own lending criteria. The criteria will vary from lender to lender. The factors that a lender will take into account when assessing an application include things like credit score, income, existing credit, credit history and debt to income ratio, Information from credit reference agencies and information provided o the loan application is taken into account.

In Mr J’s case HSBC has provided the primary reason for declining the application as credit scoring. This service isn’t able to require a lender to disclose specific information behind the primary reason for the decline, as this is commercially sensitive information. However, I’m satisfied that HSBC has provided a primary reason for the decline, which fulfils its legal obligations under The Lending Code.

I appreciate that Mr J feels strongly about this. He’s made a number of points about the lack of feedback and support when automated systems are used for loan applications.

I understand the points that Mr J makes. However, the role of this service is to consider whether the business has complained with the relevant rules and regulations and applied them fairly. In this case, as I’ve said above, I’m satisfied that HSBC has complied with the relevant legislation by providing Mr J with the primary reason for the decline. The legislation doesn’t oblige a business to provide feedback and/or support, so I can’t say that HSBC has made an error or treated Mr J unfairly by not providing this.

Mr J has said that this isn’t just about his experience, and he wants this service to consider the wider implications of automated systems on consumers generally. I’m not able to do that, because this service is only able to consider individual complains between a consumer and a business. We don’t have authority to look at the wider impact. Only the Financial Conduct Authority can do this.

For the reasons I’ve explained above, I’m unable to uphold the complaint. There’s no evidence that HSBC has made an error or treated Mr J unfairly.

My final decision

My final decision is that I don’t uphold the complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr J to accept or reject my decision before 9 September 2025.

Emma Davy
Ombudsman