

The complaint

Mr H complains HSBC UK Bank Plc lent to him irresponsibly when they approved his application for a credit card, and the subsequent limit increases.

What happened

Mr H complained HSBC lent to him irresponsibly regarding the lending decisions below for a credit card he held with them:

Date	Credit limit
October 2018	£5,000
May 2021	£6,000
February 2022	£7,000
July 2022	£8,000

HSBC looked into Mr H's concerns and issued their final response which didn't uphold his complaint. They explained they were satisfied Mr H met their lending criteria before they agreed to lend. Mr H remained unhappy, so he brought his complaint to our service.

Our Investigator didn't uphold Mr H's complaint because he felt HSBC's checks most likely would have shown the credit card and limit increases were affordable. As Mr H disagreed with our Investigator, his complaint was passed to me 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 considered everything, I'm not upholding Mr H's complaint. I'll explain my reasoning below.

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. This is something HSBC is familiar with, and I've used this approach to help me decide Mr H's complaint.

HSBC needed to make sure they didn't lend irresponsibly. In practice, this means they needed to carry out reasonable and proportionate checks so they could understand whether Mr H could afford to repay what he owed in a sustainable manner. This is sometimes referred to as an "affordability assessment" or "affordability check".

The checks needed to be borrower focused – meaning HSBC had to consider if repaying the credit sustainably and within a reasonable period of time would cause difficulties or adverse consequences for Mr H. It wasn't enough for HSBC to consider the likelihood of getting their funds back – they had to consider the impact of the repayments on Mr H.

Checks also needed to be proportionate to the specific circumstances of the lending. There isn't a specific list of what constitutes proportionate affordability checks – rather it will depend

on several factors, but not limited to, the particular circumstances of the consumer, and the amount/type/cost of credit they were seeking. And generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information they gather and what they do to verify it – in the early stages of a lending relationship. So, I've kept all this in mind when thinking about whether HSBC did what they needed to before lending to Mr H.

Due to the time that's passed, HSBC doesn't have all the data they gathered when Mr H opened his credit card account, or for the limit increases. However, they've explained they would have considered Mr H's income alongside information gathered from credit referencing agencies (CRAs) to determine if the lending was affordable. So, to help me understand what those checks likely would have shown I've reviewed Mr H's current account statements and credit report. I've also considered what he's told us about his essential spend at the time of each lending decision. However, I should make it clear at this stage that just because I've manually reviewed Mr H's statements – it doesn't mean that I would have expected HSBC to do the same, as standard, before agreeing to lend.

For each of the lending decisions, Mr H's average monthly income ranged from around £2,000 when he first applied for the credit card in 2018 and increased to approximately £3,000 by the time of the final limit increase in July 2022. And after his essential spend towards bills, maintenance costs for his child, food, petrol, external credit commitments etc his monthly disposable income ranged from just over £360 a month to around £880. These amounts suggest the credit limits would have been affordable for Mr H's circumstances. However, I would have also expected HSBC's checks to help them identify if further borrowing was likely to be sustainable and that Mr H wasn't becoming reliant on credit.

Unfortunately, Mr H's credit file doesn't show what CRAs were likely to have reported in October 2018 as information is only held on a credit report for six years. So, in the absence of anything to suggest HSBC would have seen negative information reported at that time, I don't think it would be fair to conclude they treated Mr H unfairly when they initially agreed to lend.

Regarding the credit limit increases, Mr H's credit file suggest he was managing his accounts well, and I've not seen anything to suggest he may have been experiencing financial difficulties such as bankruptcy, County Court Judgments, significant late payments etc. But what I have seen is that his utilisation of credit cards tended to decrease as time went by. In turn, I don't think HSBC would have reasonably reached the conclusion that Mr H was reliant/becoming reliant on credit if they'd seen this information when carrying out their affordability checks.

In addition to the above, I've not seen any concerning transactions or pattern of spending on Mr H's credit card statements. I agree he was only making minimum payments, but I don't think that alone was sufficient to warrant additional checks – particularly given what HSBC were likely to have seen from CRAs.

I've taken on board what Mr H has told us about his current account statements showing gambling transactions. But as I mentioned above, HSBC wasn't obligated to review his statements before agreeing to lend. And as I don't think additional checks were warranted, I also don't consider they would have reasonably been able to know or find out about those transactions. Therefore, when I take everything into consideration, I'm persuaded HSBC lent to Mr H fairly.

I am sorry to hear that Mr H has found it difficult to manage his credit commitments. But I was pleased to see HSBC offered support (if he needed it) in their letters about him making the minimum repayments towards his outstanding balance. So, if Mr H is struggling with his repayments, I would encourage him to contact HSBC and discuss the options available.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think HSBC lent irresponsibly to Mr H or otherwise treated him unfairly. I haven't seen anything to suggest that s.140A or anything else would, given the facts of this complaint, lead to a different outcome here.

I know this isn't the outcome Mr H hoped for. But for the reasons above, I'm not asking HSBC to do anything to put things right.

My final decision

My final decision is that I'm not upholding Mr H's complaint about HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 October 2025.

Sarrah Turay
Ombudsman