

The complaint

Ms F complains that HSBC UK Bank Plc lent irresponsibly when it approved her credit card application and later increased the credit limit.

What happened

Ms F applied for an HSBC credit card in November 2012. In her application, Ms F said she was employed with an annual income of £34,000. HSBC has provided evidence that shows it carried out a credit scoring assessment of Ms F's application. But the credit file results obtained along with the specific information used in the rest of the application no longer remains on file due to the passage of time.

Ms F used the credit card and HSBC went on to increase the credit limit to £6,900 in January 2016. Again, due to the passage of time little evidence of the lending checks completed remains available.

HSBC has confirmed Ms F's credit card was repaid in full in December 2017 and the account was closed.

Earlier this year, Ms F complained that HSBC lent irresponsibly and it issued a final response. HSBC said Ms F had waited too long to complain about her credit card and said it no longer had the information to respond.

An investigator at this service looked at Ms F's complaint. They noted the lack of evidence remaining from the application and credit limit increase. As the investigator was unable to see what lending checks HSBC completed they asked Ms F for copies of her bank statements for the three months before her application and the credit limit increase. After reviewing Ms F's bank statements they felt the initial credit limit of £3,500 and increased credit limit of £6,900 were affordable and didn't uphold her complaint.

Ms F asked to appeal and challenged the disposable income figures used by the investigator in their view of her complaint. As Ms F asked to appeal, her complaint has been passed to me to make 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.

Before agreeing to lend or increasing the credit limit, the rules say HSBC had to complete reasonable and proportionate checks to ensure Ms F could afford to repay the debt in a sustainable way. These affordability checks needed to be focused on the borrower's circumstances. The nature of what's considered reasonable and proportionate will vary depending on various factors like:

- The amount of credit;
- The total sum repayable and the size of regular repayments;

- The duration of the agreement;
- The costs of the credit; and
- The consumer's individual circumstances.

That means there's no set list of checks a lender must complete. But lenders are required to consider the above points when deciding what's reasonable and proportionate. Lenders may choose to verify a borrower's income or obtain a more detailed picture of their circumstances by reviewing bank statements for example. More information about how we consider irresponsible lending complaints can be found on our website.

As I've noted above, while I can see Ms F gave an annual income of £34,000 in the original application, the remaining lending checks and credit file results are no longer available. HSBC's confirmed that's due to the passage of time and I accept that's the case. But without sight of the information obtained I'm unable to safely reach the conclusion reasonable and proportionate lending checks were completed. I agree with the investigator's decision to review Ms F's bank statements instead.

I can see Ms F has provided her own detailed income and expenditure assessment. The investigator has also saved their assessment to the case file. And I've reviewed Ms F's bank statements separately to get an independent view of her circumstances at the time. In my view, the investigator reached a fair disposable income figure of £215 a month when completing their assessment. I reached broadly the same position after reviewing Ms F's bank statements for the months before her application.

In my view, Ms F's bank statements show she had sufficient disposable income to be able to sustainably afford repayments to a new credit card with a limit of £3,500. I'm sorry to disappoint Ms F but I haven't been persuaded the information available shows HSBC lent irresponsibly when it approved her application.

As the lending checks completed before the credit limit increase are no longer available I've again reviewed Ms F's bank statements for the three months before it was approved. I've also looked at the income and expenditure assessments completed by Ms F and the investigator. I wasn't able to find all the outgoings at the same level Ms F included in the expenditure section of her assessment. But I also think the investigator missed Ms F's manual payments to her HSBC credit card that were made each month. I reached the view Ms F had around £230 a month remaining after covering her existing commitments and outgoings when taking the manual payments into account as well.

Having considered the information in Ms F's bank statements, I'm satisfied they showed she was in a stable position and had sufficient disposable income to sustainably afford the increased credit limit of £6,900. I'm sorry to disappoint Ms F but I haven't been persuaded that HSBC lent irresponsibly when it approved the credit limit increase in January 2016.

I've considered whether the business acted unfairly or unreasonably in any other way including whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think HSBC lent irresponsibly to Ms F or otherwise treated her unfairly. I haven't seen anything to suggest that Section 140A or anything else would, given the facts of this complaint, lead to a different outcome here.

My final decision

My decision is that I don't uphold Ms F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms F to accept or

reject my decision before 13 October 2025.

Marco Manente
Ombudsman