

The complaint

Mr M has complained that HSBC UK Bank Plc didn't tell him why his overdraft was being reduced.

What happened

Mr M has an account with HSBC, and it wrote to him on 29 April 2025, to give him notice that the overdraft limit would be reduced on 31 May 2025. He complained, and has clarified to our service that his complaint relates solely to not having been given a reason why.

One of our investigators looked into what had happened. They explained that HSBC is entitled to remove an overdraft for any reason, under its terms and conditions. And there is no obligation for it to give a reason.

However, HSBC later explained its reasons in full, and our investigator passed this explanation to Mr M.

The complaint's now been passed to me.

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'm not upholding it. I'll explain why.

I can understand Mr M's frustration. However, there's no obligation for a lender to give detailed reasons for removing or reducing an overdraft. So, I don't think it behaved unreasonably.

However, I can see that HSBC has since explained that the limit was reduced to £200 because it had been unable to ascertain that the higher limit remained affordable to Mr M, due to the source of the funding of his account.

So, although I don't think HSBC behaved unfairly, I hope the further explanation, with which Mr M was provided in full, has clarified its position.

I also note that Mr M has been advised he can apply for an increase in the future, and HSBC would then assess that application.

My final decision

For the reasons given above, it's my final decision not to 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 23 February 2026.

Elspeth Wood
Ombudsman