

The complaint

Mr E complains that HSBC UK Bank Plc didn't do enough to prevent gambling-related harm, and that it lent to him irresponsibly.

What happened

In December 2019, Mr E applied for a loan with HSBC. His application was approved, and the funds were drawn down; Mr E borrowed £5,000 over a 12-month term, with regular monthly repayments of around £430.

Some years later, in 2024, Mr E complained to HSBC. In short, he said that he thought the loan had been irresponsibly provided; Mr E set out how his application shouldn't have been approved, that he shouldn't have passed affordability checks, how there was significant evidence of gambling and, finally, that the bank's provision of the loan had caused him severe harm and distress.

HSBC, in response, didn't uphold Mr E's complaint. It said it had carried out proportionate checks in the circumstances, and the results of those checks had shown the loan to be sustainably affordable. Moreover, HSBC set out that it hadn't been aware of Mr E's gambling.

Mr E referred his complaint to this Service, and an Investigator here looked at what had happened. Having done so, they didn't think Mr E's complaint should be upheld. In summary, the Investigator said:

- It couldn't be said that HSBC ought to have done more about Mr E's gambling. There wasn't a requirement on the bank to monitor accounts for such transactions; and in any event, there was nothing to suggest that Mr E had told HSBC about his issues.
- While there were a significant number of transactions to gambling merchants, Mr E had been using his account in line with the terms which governed it and had maintained a healthy balance. There was no unauthorised overdraft usage, no returned direct debits, or any other flags which would've brought about concern. So, overall, HSBC wouldn't have sufficient reason to intervene.
- HSBC's decision to provide Mr E a loan wasn't irresponsible or otherwise unfair. Broadly, the checks carried out by the bank hadn't shown any cause for concern; it had verified his income, checked his declared outgoings – incorporated statistical expenses information too – and it reviewed Credit Reference Agency ("CRA") data.
- Some of HSBC's internal calculations indicated Mr E wouldn't be left with sufficient disposable income to meet any unexpected expenses; but, even so, the loan still hadn't been irresponsibly provided. Looking at Mr E's income, by reviewing his bank statements, he would've been left with enough income, after all expenses, for this loan to be considered affordable.
- In conclusion, HSBC couldn't be said to have acted unfairly or unreasonably in the circumstances.

Mr E disagreed. He highlighted the considerable amount of gambling he'd demonstrated at the time, believing that HSBC ought to have taken more notice of it, and he also maintained that proportionate checks hadn't been carried out. He asked for an Ombudsman's decision. As no agreement has been reached, Mr E's complaint has now been passed to me to decide.

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.

At the outset, I'll say that I know, without doubt, just how strongly Mr E feels about what happened here – and I'm truly sorry to read of the situation in which he found himself. There's no question he was in a very difficult personal and financial situation. I was certainly pleased to note that Mr E has secured a new job, and that he's taken significant steps towards rebuilding his life. I wish him all the very best moving forward in his new role and for the future.

I'll also set out, just as something to keep in mind, that my role here is to remain impartial and I must look at things holistically; that is to step back from the emotion, regardless of how I know Mr E feels here, and consider whether HSBC acted in a fair and reasonable way in all the circumstances. And while I know this will surely disappoint Mr E, I think it did. Broadly, I agree with the findings of our Investigator here for largely the same reasons.

To address the concerns around gambling to begin with, I don't think HSBC would've had reason enough to step in and do more at that point. There are a significant number of transactions to gambling merchants, I certainly don't dispute that, but I don't think that – in and of itself – is grounds for HSBC to have acted at the time.

To explain, there are several factors to take into account: lots of those transactions to gambling merchants likely wouldn't have flagged to the bank, many were international payments, for example, and wouldn't be immediately identifiable as gambling payments. More broadly, banks aren't expected to forensically review accounts as a matter of course; Mr E was using his in line with its terms, he hadn't broken any condition associated with its use and, additionally, he wasn't missing regular payments – like direct debits. Mr E wasn't using money which wasn't his own either, by way of an overdraft, for example. Moreover, I also need to keep in mind that Mr E hadn't told HSBC of his condition and struggles with gambling – at least at the period I'm reviewing here. So, in the round, while there's no question Mr E was gambling to very high levels, I don't think I can fairly conclude that HSBC ought to have been aware of that or, it follows, to have intervened. It simply wouldn't have the body of evidence to do so and, with everything I've set out here in mind, I can't reasonably say that's a failing on its part.

Looking next at irresponsible lending, HSBC fundamentally needed to make sure that it didn't lend irresponsibly. In practice, what this means is that it needed to carry out proportionate checks to be able to understand whether Mr E could make his payments in a sustainable manner before agreeing to lend. If the checks HSBC carried out *weren't* sufficient, then I'll need to consider what reasonable and proportionate checks are likely to have shown.

Our website sets out what we typically think about when deciding whether a lender's checks were proportionate. Generally, we think it's reasonable for a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify that

information – in the early stages of a lending relationship. That said, we might think it needed to do more if, for example, a borrower's income was low; or if the information the lender had – such as a significantly impaired credit history – suggested it needed to know more about a prospective borrower's ability to repay.

HSBC says it gathered details of Mr E's income and expenditure, to carry out an affordability assessment, and it also made some adjustments to figures he had provided; that's so it could determine affordability even if Mr M had underestimated his costs. HSBC looked at incoming credits to Mr E's account to verify income, it also carried out a credit check and reviewed the CRA data that was returned. HSBC says that all of the information it received or reviewed, as a result of those checks, indicated the loan was affordable for Mr E.

Having studied the data myself, I agree that the majority of the information gleaned showed a relatively stable financial position for Mr E. For example, nothing in the CRA data showed any recent defaults nor missed payments; no Individual Voluntary Arrangements were recorded either. There was a County Court Judgment recorded against Mr E, but I don't think it would've made a difference to the lending decision here. There's little information available about it; but from what I do know, it was for a modest amount and within HSBC's risk appetite.

That said, much like our Investigator, I do have some concern over HSBC's assessment of Mr E's income and expenditure. From the results of its own calculations, it appeared – on the face of it – that Mr E would only have been left with around £14 each month after all expenses, including the payment for this loan. I can't then, with that in mind, say that checks were proportionate here; and I think HSBC ought to have done more to determine affordability for Mr E.

I've sought to review Mr E's bank statements as means of determining his income; I don't mean to say HSBC ought to have done so, though. In fact, I don't think that would've been proportionate – and some further, more robust, questioning of his income alone is likely to have been sufficient here. I've simply used the information contained in Mr E's bank statements to assess what HSBC would likely have identified had further questions been asked.

Having done so, I think it likely that the loan would've been deemed sustainably affordable in any case. Our Investigator set out the figures in their assessment, so I won't repeat the same ground here; I'll simply state that Mr E's bank statements show an average net income amount, in the months leading up to this loan, which would've left him with around £200 in disposable income after subtracting all of his costs. I've not included any gambling transactions in that assessment – either losses or winnings. HSBC, when undertaking its review of incoming credits, wouldn't have seen those transactions given the type of incoming payment they were. So, I can be satisfied HSBC wouldn't have included them in any assessment – and it wouldn't have been given reason to look deeper into Mr E's account either.

To summarise then, if HSBC had applied further scrutiny to the results of Mr E's initial income and expenditure assessment, I think it would've reasonably considered that he was generally managing his finances and that he had sufficient disposable income. On that basis, I can't fairly say its decision to lend here would've been different, or that it made an irresponsible decision.

That will, of course, significantly disappoint Mr E; that's entirely understandable, and I'm well aware the situation was much worse than it would have appeared to HSBC. To be clear, I'm not saying that Mr E wasn't under financial pressure or struggling with the vulnerabilities he's outlined. It's just that here, in these circumstances, HSBC didn't discover that; nor do I think it likely that HSBC would have discovered that, even if it did carry out further checks into

Mr E's income, as I think it should.

Fundamentally, as with any complaint, the key point to remember is that it's only fair and reasonable for me to uphold a complaint in circumstances where I can conclude a business did something wrong. Here, I don't think HSBC could have known – or ought to have known – that the payments for this loan might have been unaffordable at the time of lending. So, for the reasons I've already given, I can't fairly conclude that HSBC acted irresponsibly or otherwise treated Mr E unfairly in relation to this matter; it follows that I don't uphold the complaint. 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 final decision is that I don't uphold Mr E's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 13 January 2026.

Simon Louth
Ombudsman