

The complaint

Mr B and Mrs C complain that HSBC UK Bank Plc delayed their mortgage application by requesting unnecessary information from the broker. They believe that HSBC made the process onerous which led to the delays and the application being cancelled on more than one occasion.

Mr B and Mrs C have said that HSBC have not complied with Consumer Duty or other Financial Conduct Authority (FCA) rules.

What happened

Mr B and Mrs C approached their broker after having an offer accepted on a property they wanted to purchase. They were expecting a new baby so wanted to move to a bigger property and due to the delays they encountered, they ended up staying with their existing lender. They wanted to borrow approximately £173,000.

The broker submitted an application to HSBC on 2 November 2024, and HSBC asked for various evidence and information but didn't think they had everything they needed by the required response dates, and this led to the application being cancelled twice.

A new mortgage application was submitted on 15 January 2025 where HSBC asked for updated payslips and other income details, but Mr B and Mrs C believe that HSBC had a lot of the information from the previous applications, so this delayed matters for them.

The case was then considered by an underwriter on 3 March, where they let the broker know that Mr B and Mrs C couldn't borrow as much as they wanted, but made an offer of approximately £101,000. As HSBC didn't hear back from the broker, this application was cancelled.

Mr B and Mrs C said they went to their existing lender who was able to provide them with a mortgage for what they required.

HSBC didn't think they had done anything wrong, so Mr B and Mrs C brought their complaint to the Financial Ombudsman Service where it was looked at by one of our investigators.

The investigator didn't think that HSBC had always acted in an efficient manner. He didn't think that HSBC did anything wrong in cancelling the first mortgage application but felt the second time they did cancel it, was a little premature. He then went on to say that he thought that HSBC should have used the information they already had from the first application, when the new application was made in January 2025. He acknowledged the stressful time that Mr B and Mrs C were under, especially as Mrs C was pregnant and thought that an award of £350 reflected this.

Mr B and Mrs C didn't agree with this and felt that had HSBC acted as they should have done, that they ought to have told them earlier that they couldn't lend them the full amount. They don't believe it was fair that the application started again in January as this delayed matters.

Mr B and Mrs C reiterate what a challenging time they were having as they urgently needed to move out of their property before their baby arrived and they don't think it's reasonable for a lending decision to take five months. They believe an award between £750 to £1,500 is fair.

They also believe that HSBC haven't given a clear explanation of the issues surrounding Mrs C's income and believe that had the application completed in January 2025, they could have had the interest rate from November 2024 – which was lower.

HSBC also didn't agree with the outcome. They said the broker should not need an explanation as to what a lender requires especially when they have access to the intermediary website and a broker support team. They believe the broker is at fault and that they didn't act in the best interests of Mr B and Mrs C. They do not feel the award of £350 is justified.

As neither party agreed with the outcome, the case has 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.

Mr B and Mrs C have referred to various regulator rules, including the general principles of Consumer Duty. I've taken all those matters into account when deciding this complaint. Having thought about that, I don't think HSBC acted fairly and they could have dealt with things better than they did.

Although I've read and considered the whole file, I'll keep my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.

Having considered everything provided by both parties, I agree with the outcome that has been reached by the investigator. I'll explain why.

I've looked at the information that has been provided by both parties to get an understanding into what has happened.

An application was made to HSBC on 2 November 2024 who responded to the broker on 6 November that evidence was still outstanding. The valuation was received on 7 November.

HSBC received some information from the broker, and it was looked at by an underwriter who requested some further information such as bank statements, payslips and some information regarding pay variance for Mr B and clarification of travel costs. HSBC sent chasers to the broker on 20, 21 and 24 November and some further information was received on 25 November by HSBC. This information included some payslips, P60 and information around childcare and travel costs.

HSBC still required some information which had not been received. They said that the bank statements didn't cover a full 30 days and still required information on income variance for Mr B. They requested this on 26 November. They chased this information on 29 December and received a response on 3 December.

HSBC noted that Mrs C didn't have a permanent right to reside in the United Kingdom so asked for some further information from the broker along with changes to be made to the application. This was chased on 9 December, and information was received on the same day.

On 10 December, HSBC still seemed to have questions surrounding the variance of pay for Mr B and asked for an employer's letter confirming his income. This information didn't come in, so the application was cancelled on 19 December. I can't see from looking at the contact notes provided that it was made clear to the broker that the application would cancel if the information wasn't received. And seeing as they had asked for an employer's letter only nine days before, it's likely that this may have taken some time to arrange.

The broker called HSBC to find out what was happening, and the application was reinstated on the same day. HSBC still required information on 24 December, and the employer's letter was received on the same day.

HSBC asked for information regarding Mrs C's salary on 27 December regarding frequency of pay and some latest payslips and when this didn't come in, the application was cancelled again on 29 December. This information was then received on 31 December. While I understand that HSBC required information, I do think that cancelling the application again after two days was relatively quick, especially as this was over the Christmas period. I don't think Mrs C could fairly have obtained this in that time.

On 2 January 2025, HSBC chased the payslips they were waiting for and the notes show that they would wait for five days and then if not received, the application would be cancelled. It appears the application was cancelled the following day – 6 January.

HSBC said that the application was cancelled five days from 2 January but the contact notes they provided state that on 5 January, if the information hadn't been received they would cancel the application in five days. But the application was cancelled the following day.

An underwriter reviewed the information and didn't think the application should be reinstated as they hadn't received all the information they requested.

I can see the broker made contact on 6 January and was told that the application would not be reinstated and a new one would need to be submitted. After reviewing what has happened and what was requested, I am not persuaded that this was the right thing to do.

The broker was told that the application would cancel within five days, but the application was cancelled the following day from when HSBC informed the broker of this. The broker made contact immediately and because a new application had to be submitted, it pretty much started again from scratch which delayed matters for Mr B and Mrs C.

A new application was made on 15 January, and HSBC asked for a lot of the same information that they previously had or asked for on file. The broker confirmed with HSBC that this information had already been provided previously. HSBC said there was still outstanding information needed and they chased this on 29 January and 2 February.

Evidence was provided on 5 and 6 February, but HSBC requested information regarding pay frequency, travel costs, information about rental income as well as other information which the broker felt they already had. The broker provided HSBC with the information and on 26 February, more information was needed surrounding Mrs C's employment and where she would be based. HSBC also wanted up to date payslips.

The case was then passed to an underwriter at the beginning of March and it was decided that it couldn't offer Mr B and Mrs C as much as they wanted and a lower offer was made. After not getting a response back from the broker, the application was cancelled on 24 March.

Mr B and Mrs C said they borrowed the money they needed from their existing lender.

Having considered everything very carefully, I do think that HSBC could have handled things better. The first thing to point out here is that HSBC haven't done anything wrong in requesting the information they have asked for and I don't agree that what they have asked for is unnecessary or unreasonable. But, had they allowed more time for responses, and not asked the broker to submit a brand new application in January, I do think that Mr B and Mrs C would have been given the information about how much HSBC were willing to lend them sooner than they were told.

It's not up to us to tell HSBC to lend, they have their own criteria and risk appetite so I can't say that they should have given Mr B and Mrs C the mortgage they were looking for. I therefore haven't come to the same conclusion that Mr B and Mrs C would have obtained the interest rate they were looking for from November 2024.

But HSBC did end up asking for the same information again when the new application was made, as well as some new information which I think could have been avoided had the application of not cancelled on 6 January.

I do appreciate this was a stressful time for Mr B and Mrs C as they were expecting their child and wanted to move into their new property sooner than they did and I do think that HSBC need to acknowledge this.

While HSBC have commented on the actions of the broker, I am looking at the actions of HSBC in this decision so won't be commenting on what they should or shouldn't have done in that instance. I can see that HSBC were chasing information from the broker and I think their requests were clear, but the issue here is that I am not persuaded that the application should have cancelled when it did. And I therefore think that Mr B and Mrs C would have been told sooner that they couldn't borrow as much as they wanted.

I think the amount of £350 that has been recommended by the investigator is fair and reasonable in the circumstances of this complaint. I think it did cause Mr B and Mrs C a great deal of stress and worry at a time when they found things challenging and I can see that they did everything they could to try and get the information that HSBC asked for over to them on time. But due to the application and what was required, HSBC required more information and evidence as things progressed.

I understand that Mr B and Mrs C think a higher award is justified here, but I think what has been recommended is in line with what our service would deem to be fair.

My final decision

For the reasons given above, I uphold this complaint and direct HSBC UK Bank Plc to pay Mr B and Mrs C £350 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs C to accept or reject my decision before 18 November 2025.

Maria Drury
Ombudsman