

The complaint

Mr A is complaining that HSBC UK Bank Plc (HSBC) unfairly reduced his overdraft.

What happened

Mr A has a current account with HSBC and until August 2023 this had an overdraft of £1,500 on it that was available for use to Mr A. However, in July 2023 HSBC wrote to Mr A telling him it was going to reduce the overdraft to £1,000. Then in July 2024 it wrote to him again saying it was going to reduce it further to £100.

Mr A says he wasn't given enough notice of the reductions and this amounts to a breach of his agreement with HSBC. He says the second reduction in particular meant he was worried about paying the next months rent and he's said that the reduction of his overdraft was in retaliation for another matter that was on going with HSBC that was eventually settled out of court.

Mr A complained to HSBC about the reduction in his overdraft. HSBC responded saying that it didn't think it had acted unfairly. Unhappy with this response, Mr A referred the case to this service.

One of our investigators considered the case but didn't agree that HSBC had acted unfairly and so didn't ask it to do anything further.

Mr A was unhappy with the outcome reached by the investigator. So, he asked for a decision on his case – and the complaint's 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've reached the same outcome as our investigator for broadly the same reasons.

Mr A has sent in a lot of information and raised a number of points all of which I have given careful attention to along side the submissions made by HSBC. However, I won't be commenting on everything said – only what I consider to be key to Mr A's complaint that HSBC unfairly reduced his overdraft limit. This isn't meant as a discourtesy but rather reflects my role to resolve disputes informally.

In cases where there is an allegation that a business has breached its agreement with a customer it's helpful to turn to the terms and conditions to understand what that agreement was.

In this case, the terms say:

"We may agree an arranged overdraft on your current account if we think you can afford it.

Overdrafts are meant to be for short-term borrowing. You must make payments at least monthly to reduce what you owe. All overdrafts are repayable on demand. This means that we can ask you to pay the money back straight away. Usually, though, we'll give you advance notice."

There is nothing in the terms and conditions that says a specific amount of notice must be given before an overdraft limit is reduced or removed or that a reason for the reduction or removal must be provided.

I can see that the letters sent to Mr A in July 2023 and 2024 gave just over 30 days' notice from the date of the letter of the overdraft reduction. Whilst this wasn't required, it seems a reasonable course of action to give around a months' notice of the reduction to enable a customer to plan for the changes.

I must also consider that HSBC had been writing to Mr A since July 2022 about his overdraft usage and then from July 2023 it asked him to reduce his overdraft usage to £0. So, I think Mr A would have been aware that HSBC wanted him to reduce his overdraft usage. And these letters gave him time and the opportunity to manage his finances differently or reach out to HSBC for help, which I can't see that he did. So, I don't think HSBC has acted unfairly in its communications with Mr A about his overdraft or its reduction.

Mr A has said he didn't get either of the letters sent in July 2023 and 2024 until mid-August which was after the reductions. He's said he suspects that HSBC back dated the letters, but I haven't seen any evidence of this, and HSBC has said it posted the letters on time. I appreciate Mr A doesn't accept this, but I have no evidence that HSBC acted improperly when posting these letters and I can't hold them responsible for any delays in the post. So, I don't find that HSBC acted unfairly here.

Mr A has also said he thinks the reductions in the overdraft were done in retaliation for another matter. HSBC have denied this was the case and have said overdrafts are only reduced or removed for a number of reasons, these include situations where the overdraft is no longer affordable or isn't being used but doesn't include disputes on other matters. I haven't seen any evidence that HSBC reduced Mr A's overdraft in retaliation for another matter, and I think HSBC told Mr A broadly why his overdraft was reducing in its July letters. So, whilst I appreciate Mr A's strength of feeling about this, on the evidence available I'm not satisfied that HSBC have acted unfairly here.

I've considered whether the reduction in the overdraft caused Mr A any financial harm. I understand Mr A has said it was a worrying time, particularly in 2024. However, looking at the account, I can see that at the point HSBC decided to reduce the overdraft both in 2023 and 2024, Mr A had a positive balance in his account and wasn't reliant on the overdraft. I also can't see that any regular payments to rent, utilities or other committed expenditure were declined or caused Mr A to go into an unarranged overdraft as a result of the reduction. So, whilst I appreciate Mr A may have been worried by the reduction in his overdraft, I can't see that HSBC caused him any financial harm.

I can understand why Mr A is unhappy with his overdraft reduction. But I must consider it is ultimately a lending facility that HSBC can decide to withdraw, providing it doesn't cause financial harm. And there is no notice period that HSBC has to adhere to when reducing or removing the overdraft.

Mr A wants compensation for the inconvenience and worry the overdraft reduction has caused him, and I don't doubt how upsetting it was for him. But, as I've explained, HSBC gave Mr A notice that the overdraft limit would be reduced, even though this isn't something they need to do under the terms and conditions of the account. I also can't see that Mr A

was caused any financial harm as a result of the overdraft being reduced. Given this, I'm sorry to disappoint Mr A but I'm not persuaded HSBC has acted unfairly in this case.

My final decision

My final decision is that I don't uphold Mr A's complaint about HSBC UK Bank Plc for the reasons I've set out.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 December 2025.

Charlotte Roberts
Ombudsman