

The complaint

Mr W has complained that HSBC UK Bank Plc trading as first direct treated him unfairly when he applied for an overdraft.

What happened

Mr W applied for a £300 overdraft with First Direct, but was declined. He feels this was unfair, and that it hasn't been truthful when explaining why. He's explained he has a high salary and already has a wider relationship with the HSBC group.

One of our investigators looked into what had happened. She could see that after the overdraft application was declined, Mr W called First Direct. The advisor explained that there are a number of factors when looking at responsible lending, and also said that this account was not his main bank account, so there was no day-to-day banking history with him.

Although our investigator could understand Mr W's dissatisfaction, she thought that the nature of credit is such that it's a facility that financial institutions can choose to provide, adjust or withdraw as they see appropriate. And it's for a business to make the commercial decisions they do based on a variety of factors and their overall appetite to lend.

Mr W disagreed. In summary, he said: it's obvious that someone with his income can afford a £300 overdraft, so First Direct's checks must have failed (if it carried any out); that another bank in the same Group gave him a larger overdraft; and that First Direct later granted him a credit card.

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 agree with the outcome reached by our investigator, and for the same reasons she gave.

There is nothing to suggest to me that First Direct didn't assess Mr W's application fairly. Mr W wants me to obtain detailed information about the checks it carried out, but I don't think this is necessary. I'm satisfied that it was up to First Direct to decide whether or not to lend, and it explained to Mr W that many things are considered in an application. And I note Mr W did not have his main account with First Direct, so it didn't have a relationship history with him in respect of day-to-day account usage. This is true regardless of his relationship with a bank in the same Group – they are different entities with their own records.

I can see that Mr W has explained he was accepted for a First Direct credit card. But, lending decisions are made depending on what the product is, and what its purpose is. Further, I'm satisfied that First Direct was entitled not to provide an overdraft, and fairly exercised its commercial discretion in deciding not to do so on this occasion.

My final decision

For the reasons given above, despite my sympathy for Mr W's position, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 17 February 2026.

Elspeth Wood
Ombudsman