

The complaint

Mrs B, via her representative, has complained that HSBC UK Bank Plc acted irresponsibly when it provided her access to multiple forms of credit.

Mrs B applied for a credit card, two loans and an overdraft facility from HSBC. This decision will only consider what happened in relation to the overdraft facility provided to Mrs B.

What happened

Mrs B applied for an overdraft on her HSBC bank account in April 2023. The initial facility was opened with a limit of £500, however this was increased incrementally between April 2023 and February 2024 when it reached its highest limit of £4,000.

Mrs B's representative has explained that between June 2023 and March 2024, Mrs B began to gamble in a harmful and compulsive manner. Ultimately, she amassed approximately £15,000 of gambling related debt during this period, of which nearly £11,000 was linked to various types of credit provided by HSBC, including Mrs B's overdraft facility. Mrs B has said HSBC ought to have realised she was becoming financially vulnerable and spending in a compulsive and harmful way and shouldn't have continued to provide her with access to credit or increased the limit on her overdraft facility during that time. Mrs B's representative has asked that the bank pay Mrs B compensation for its failure to provide her with support or limit her spending at time when she was experiencing extreme financial harm.

HSBC has said that when Mrs B applied for the overdraft facility in April 2023, and for each subsequent limit increase, it ran full affordability checks, including completing income and expenditure checks and reviewing her credit file. Having completed these it was satisfied the facility was affordable for her and would be sustainable. It says when it spoke to Mrs B in March 2024 it offered her support for her gambling which she declined. It further explained that it suspended all interest charges on her account at that time and that the overdraft facility was reduced to £500 by May of this year. As it didn't think it was wrong to approve the facility or any of the limit increases it didn't uphold the complaint.

Unhappy with the bank's response Mrs B brought her complaint to this service. I issued a provisional decision on 22 August 2025. In it I found that while the initial lending decisions linked to the overdraft facility were likely sound, the behaviour on the account had changed enough by October 2023 that HSBC ought to have done more thorough checks before increasing the facility further. And if it had done so I felt it would have realised Mrs B was gambling in a harmful way and using the credit provided to facilitate her growing addiction. So, I said I intended on asking the bank to rework Mrs B's account as though the limit wasn't increased beyond the one set in June 2023 and to pay her £250 compensation in recognition of the distress caused.

HSBC accepted the proposed redress but confirmed that in the weeks before I had issued the decision Mrs B had increased her overdraft facility, which had been reduced to £500 back up to £2,500 and had spent all the funds on gambling. It explained that this had happened because a lending block hadn't been added to Mrs B's account, but it had now

applied a block which would prevent Mrs B from acquiring anymore credit from the bank. Mrs B, via her representative, said that she wanted the new debt with HSBC written off and for the bank to remove the facility, close her account and issue her with an apology.

I then issued a second provisional decision on 28 October 2025. In it I said that HSBC ought to write off the new debt that Mrs B had run up on the account in July 2025 and pay her £500 compensation for the distress and inconvenience it had caused by failing to add sufficient support and blocks to prevent her from being approved for more credit.

HSBC accepted my findings but Mrs B, via her representative, didn't. She confirmed that she intended on pursuing the matter through the courts and wanted the bank to write off the entire debt she had accrued with it between June 2023 and March 2024, which she now stated was approximately £12,000.

I fully appreciate the enormous negative impact this has had on Mrs B, her mental and physical health, as well as financial position and on her relationship with Mr B, who used his own funds to help her clear her gambling debt.

However, I am still of the opinion that HSBC's offer to write off the outstanding balance on Mrs B overdraft facility, which is nearly £2,500 overdrawn, as well as pay her £500 compensation, is reasonable. So, I'm not going to ask it to do any more in relation to her complaint and therefore my findings remain the same. For the sake of completeness, I will repeat those findings here.

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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance, and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, the total cost of the credit and what it knew about the consumer at the time of application.

Mrs B's representative, who is also her husband, has explained that he only became aware of the full extent of Mrs B's gambling problem in March 2024. At that time, he contacted the bank and repaid as much of Mrs B's outstanding debt as he could. However, he has queried how HSBC, which provided Mrs B with multiple forms of credit that came to nearly £11,000 never once realised she was gambling in a compulsive and harmful way.

In order for me to consider whether the bank ought to have realised Mrs B's spending was becoming problematic and unsustainable I've reviewed her bank statements in detail along with the information on her credit file, and the timings of her other credit applications. This is information that was available to HSBC at the time she applied for her overdraft facility and limit increases and so I don't think I've reviewed anything the bank didn't have access to. Having done that I can see that when Mrs B applied for the initial facility, with an opening limit of £500, there was nothing on her account or in her credit file that indicated she was likely to have any problems managing the facility. So, I don't think the bank was wrong to approve the application at that time.

Likewise, the following limit increases later the same month and in June 2023, when the

facility increased to £1,000 and £1,500 were also likely affordable and manageable for Mrs B at that time. While I accept that by June 2023, she had started to gamble from the account I don't think there was a clear enough pattern at that point for the bank to have had any concerns around the limit increase or suspect she would have problems maintaining it. Mrs B's credit file was also in good order in June 2023, and she had limited open lines of credit elsewhere she needed to maintain. So, I don't intend on upholding any of the lending decisions linked to the facility between April and June 2023.

However, by the time Mrs B applied for the next limit increase in October 2023, when the facility was increased to £2,000, she had already taken out multiple forms of credit both with HSBC and elsewhere and was beginning to show an over reliance on the overdraft facility. In June 2023, Mrs B had increased the limit on her overdraft and also applied for a personal loan with HSBC. Both of which the bank approved. In July 2023 she'd applied for another personal loan with a different credit provider and in September 2023 she'd taken a second personal loan, with HSBC as well as taking out a second credit card with another bank.

So, I think that by October 2023, when Mrs B had been consistently overdrawn on her account since August and had taken out two loans and a second credit card in the three months between her previous limit increase, HSBC ought to have done more to consider not only the affordability of the limit increase but also the sustainability and why their customer seemed to be applying for multiple forms of credit with it and elsewhere. These are clear indicators that Mrs B may have been experiencing financial stress at the very least and struggling to manage her finances effectively.

Had HSBC reviewed the account activity on Mrs B's statements, which it had access to, at the time she applied for the limit increase in October 2023 it would have seen clear signs that she was spending in potentially harmful ways. Her statements at that time show she was gambling in increments of £100 a time often making multiple bets in a single day. Her average monthly salary at the time ranged between £1,550 - £1,700 but her gambling spend in July 2023 was approximately £873, in August 2023 it had increased to £2,052, and in September 2023, just before the limit increase at the start of October, Mrs B had spent approximately £6,000 on gambling transactions alone.

So, I don't think HSBC ought to have increased her overdraft facility in October 2023 and, given her financial situation only continued to deteriorate from that point on, it follows that I don't think any of the subsequent increases were appropriate either.

As mentioned above after I issued the initial provisional decision Mrs B sadly suffered a relapse and started to gamble again. Having previously reduced her overdraft facility to £500 and kept her account with a small credit balance, over the course of three days at the end of July this year, Mrs B requested her overdraft limit be increased to £1,000, then £1,500 and finally £2,500. She then used the funds to gamble leaving her account overdrawn by approximately £2,500.

HSBC has accepted that this additional lending should not have happened given everything it knew about Mrs B by the time she requested access to the additional funds. It has offered to write off the debt that now sits on the account and remove the facility from it. This would then allow Mrs B to close her account with HSBC, which is something that she has previously indicated she wants to do.

I think this is a fair resolution to the complaint as it currently stands. It is extremely unfortunate that Mrs B was able to increase the limit on the overdraft facility in the way that she did and I understand it has had an enormously harmful impact on her mental health. So, I agree that the appropriate thing is for the bank to write off the debt and remove the facility. I would also suggest that the bank add a permanent block preventing Mrs B from being

approved from future lending if that is possible.

I also think that the bank should pay Mrs B some compensation in recognition of the distress that she has experienced, both in relation to the lending that took place in October 2023 as well as the more recent lending. In the circumstances of the complaint, I think £500 compensation is appropriate.

I've also considered whether HSBC acted unfairly or unreasonably in some other way, including whether its relationship with Mrs B might have been viewed as unfair by a court under s.140A Consumer Credit Act 1974. However, having considered everything that is currently available to me, I've not seen anything that makes me think this was likely to have been the case.

Putting things right

In order to put things right HSBC UK Bank Plc should:

- Write off the existing overdrawn balance on Mrs B's current account
- Once that is done, remove the overdraft facility from the account
- Add a block to the account to prevent Mrs B from applying for future lending from HSBC
- Pay Mrs B £500 compensation for the distress and inconvenience caused.

My final decision

For the reasons set out above and in the provisional decisions that were issued on 22 August 2025 and 28 October 2025, I partially uphold Mrs B's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 16 December 2025.

**Karen Hanlon
Ombudsman**