

The complaint

Miss F has complained HSBC Bank UK plc (“HSBC”) gave her a loan that she couldn’t afford to repay because she already had a large amount of existing debt.

What happened

Miss F was granted a personal loan by HSBC in February 2022 for £20,000 and the loan had an interest rate of 6.7%. Miss F was due to make one payment of £391.30 followed by 59 monthly payments of £391.29 and if she made all her payments as expected she would repay a total of £23,477.41. Miss F still has an outstanding balance to pay.

HSBC considered Miss F’s complaint, and it didn’t uphold it. Unhappy with this response, Miss F referred the complaint to the Financial Ombudsman.

The complaint was then considered by an Investigator who upheld the complaint. Miss F accepted the outcome. HSBC didn’t agree. The complaint was then passed to me, and I issued a provisional decision explaining the reasons why I was intending to not uphold Miss F’s complaint.

Both parties were asked for any further submissions, but these needed to be received no later than 5 January 2026. HSBC acknowledged the provisional decision but didn’t have any further comments. Miss F didn’t agree, and I’ve summarised her response below.

- The credit report information received by HSBC didn’t appear to have included a £15,000 loan taken with another lender in December 2021 – with monthly repayments of £321.
- With Miss F’s other loans, car finance payments and her credit cards were costing her around £987 per month and her total debt was more than the £27,000 HSBC was told about. Miss F’s total existing debt was around £39,000.
- The amount lent by HSBC was half of her annual income and shows the loan is not sustainable.
- A copy of her credit report – generated in November 2025 was provided.

A copy of the provisional findings follows in smaller font and this forms part of this final decision.

What I said in my provisional decision

I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

We’ve set out our general approach to complaints about unaffordable/irresponsible lending - including all of the relevant rules, guidance and good industry practice - on our website. And I’ve used this approach to help me decide Miss F’s complaint. Having carefully considered everything I’m intending to not uphold Miss F’s complaint. I’ll explain why in a little more detail.

HSBC needed to make sure it didn't lend irresponsibly. In practice, this meant it needed to carry out proportionate checks to be able to understand whether Miss F could afford to repay any credit it provided.

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 checks to be less thorough – in terms of how much information is gathered and what is done to verify it – in the early stages of a lending relationship.

But we might think more needed to be done if, for example, a borrower's income was low or the amount lent was high. And the longer the lending relationship goes on, the greater the risk of it becoming unsustainable and the borrower experiencing financial difficulty. So, we'd expect a firm to be able to show that it didn't continue to facilitate a customer's loans irresponsibly.

I've carefully considered all of the arguments, evidence and information provided in this context and what this all means for Miss F's complaint. Having looked at everything, I have decided to not uphold Miss F's complaint and I've explained why below.

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Miss F, as part of her application declared she received £50,025 per year income. HSBC worked this out to be a net salary of around £2,931 per month. HSBC then says it cross checked this amount against statistics taking account of thresholds, age, employment and other demographic information. I'm satisfied that HSBC didn't simply rely on Miss F's declaration and as a result HSBC was reasonably entitled to rely on what it was told.

HSBC then worked out what it believed to be Miss F's expenditure. To do so, it used a combination of modelling for essential monthly payments such as council tax, food and utilities – to name a few of the commitments. Miss F declared she was a homeowner, so HSBC took a property payment from the credit search. It also considered the living costs were likely shared with her partner. Including Miss F's existing monthly credit commitments as well as the cost of the loan, HSBC worked out Miss F had around £1,296 per month in disposable income. The loan looked affordable.

Finally, HSBC conducted a credit search. It's worth saying here that HSBC hasn't been able to provide a copy of the raw data that it received, instead it has provided a summary of the results that it said it received. The results it provided showed Miss F's existing debts totalled £27,600 across eight active accounts. Miss F didn't have any bankruptcies, County Court Judgements, defaults, missed payments or payment arrangements. Based on the credit file results HSBC worked out Miss F's likely monthly credit commitments came to around £600 per month.

Overall, HSBC said that after carrying out the creditworthiness assessment there were no indicators or anything to have alerted it that Miss F wouldn't be in a position to repay the loan.

The investigator said that Miss F's debt to income ratio (DTI) was already at 55% - before this loan was approved – and after the loan was approved Miss F's DTI ratio would be close to 100% of her yearly income. Which the Investigator said was problematic because the loan wasn't to be used for debt consolidation and so Miss F was just extending her indebtedness. Whereas HSBC has said, it was entitled to have relied on the results of the credit check results which showed even repaying the existing credit at a rate of 4% of the balance would make the loan affordable.

I've thought about these points, and I do have some concerns that the checks carried out by HSBC didn't go far enough considering what it already knew about Miss F's overall indebtedness coupled with the amount borrowed and the term of the loan. I do think in those circumstances it needed to have an idea of what Miss F's actual monthly living costs were rather than relying on statistics to help it reached the amount that it did.

This didn't, and doesn't mean that, HSBC had to undertake a full financial review of Miss F's circumstances – such as reviewing every transaction Miss F was making from her account, merely it just needed to obtain an idea of what her living costs were. And I want to be clear that a line-by-line review of Miss F's bank statements wouldn't have been proportionate.

I've therefore considered what further and proportionate checks are likely to have shown HSBC. I have copies of Miss F's HSBC bank statements – which HSBC would've had access to at the time so could've been one of the methods used by HSBC to make further checks into Miss F's situation. In the circumstances where further checks ought to have been carried out, I don't think it's an unreasonable starting position in order to see whether the bank statements HSBC had readily access to indicated Miss F was having or likely having financial difficulties.

I accept that had HSBC conducted proportionate checks it may not have seen all the information that I have seen. But, in the absence of HSBC conducting a proportionate check I do think it's entirely fair and reasonable to consider the bank statements that I now have access to.

The HSBC statements show that Miss F transferred £850 into the account each month – and this appears to have been used to cover her share of the bills that were on the account which appear to be items such as mortgage, existing credit commitments, TV subscription and an insurance. At times there are also other costs such as food as well. As far as I can see there wasn't anything from the way the HSBC account was being managed to suggest Miss F was having or likely having financial difficulties.

There wasn't anything as far as I can see from the way the account was being used to have suggested Miss F was having or likely having financial difficulties. But what is clear, is that this wasn't Miss F's main account – for example her salary wasn't paid into it.

Miss F has provided statements for accounts that she holds with two other current account providers. The question here is whether HSBC would've felt it needed to obtain further bank statements to satisfy itself that the loan was affordable, and I don't think it needed to.

And I say this considering it had a fairly accurate idea of her income and committed existing credit commitments and her HSBC statement showed some of her monthly outgoings and bearing in mind that a line by line review of expenditure wasn't needed I'm not persuaded that HSBC needed to or ought to have gathered bank statements from all of the other accounts Miss F may have been using at the time.

The information HSBC obtained or ought to have obtained would've demonstrated Miss F while having a high DTI figure, was nonetheless in a position to repay her borrowing. I am therefore intending to conclude that while the checks weren't sufficient, better checks would've led to the same decision – HSBC would've lent to Miss F. I am therefore not upholding the complaint.

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.

As I explained, HSBC has provided us with a summary of the credit file data it received – which at the time showed Miss F had total debt of £27,600 per month. Whereas Miss F says at the time her debt was greater than that – nearly £40,000.

Miss F says that she'd recently taken a loan out in December 2021 for £15,000 and this is what seems to be missing from the total outstanding debt HSBC was told about by the credit reference agency.

This is entirely possible because new credit is opened it can take up to 8 weeks to appear on a credit search, so it is entirely reasonable and possible that HSBC wasn't told about it because the December 2021 loan hadn't yet likely filtered through to the credit search results HSBC had been given. As such, HSBC couldn't have factored in the payments to its affordability assessment.

Indeed, the evidence provided by it and what Miss F has since provided would indicate that it wasn't aware of the loan she had taken out in December 2021. Importantly, HSBC didn't have a reason to cast doubt over the information it had received from the credit reference agencies which is why I don't think it needed to have double checked this or investigated the results more closely.

Which also explains the discrepancy between what Miss F has worked out as her monthly credit commitments and the amount calculated by HSBC of just under £600 per month.

I understand that Miss F's concerns about the raw data not being made available, but I've no reason to doubt the veracity of the information HSBC received from the credit reference agency. It was ultimately, entitled to rely on what it was told for the purposes of its affordability assessment and it wouldn't have realised the results weren't complete because I don't think it needed to have carried out a line by line review of Miss F's monthly expenditure.

For the reasons given above, and in the provisional decision I am not upholding Miss F's complaint.

An outstanding balance remains due and I would remind HSBC of its obligation to treat Miss F fairly and with forbearance with any assistance it may be able to provide her.

I've also considered whether the relationship might have been unfair under s.140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think HSBC lent irresponsibly to Miss F or otherwise treated her unfairly in relation to this matter. I haven't seen anything to suggest that Section 140A would, given the facts of this complaint, lead to a different outcome here.

My final decision

For the reasons I've explained above and in the provisional decision, I'm not upholding Miss F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 6 February 2026.

Robert Walker
Ombudsman