

The complaint

Mrs C and Mr L complain that HSBC UK Bank Plc was unprofessional when dealing with their mortgage applications.

What happened

Mrs C and Mr L have a mortgage with HSBC. They were considering buying a second property. Mr L contacted HSBC about taking out further borrowing and a new mortgage.

In mid-2025 HSBC told Mr L the applications couldn't proceed due to adverse data on their credit files. Mr L says this adverse data was recorded incorrectly and is in the process of being removed. HSBC said Mr L and Mrs C could start a new application after the adverse data is removed. If they didn't want to wait for this, it said it would consider evidence that the data was incorrectly recorded.

Mr L made a complaint. In summary, he said his request for further borrowing wasn't handled correctly and professionally. He said HSBC didn't understand his complaint and refused to discuss it with him.

HSBC said its agent gave Mr L correct information and offered support where needed. It said it hadn't made an error. HSBC apologised for not telling Mr L the complaint handler was unavailable when he called (she was on annual leave) and paid £100 compensation. It offered to arrange a new appointment with a mortgage adviser.

Our investigator said HSBC had acted fairly and professionally.

Mrs C and Mr L didn't agree and asked for an ombudsman to reconsider 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.

Mr L says their complaint isn't about the decision in principle being declined. He accepts this was because of the adverse data recorded on their credit files by another business. For completeness, I think HSBC acted fairly when it declined to proceed with the application and explained why. Mr L says his complaint is about how HSBC dealt with him and the application, and then how it dealt with his complaint.

Our investigator described what happened during Mr L's calls with HSBC. I don't intend to set out the same level of detail here. Instead, I'll focus on what Mr L told us he was most concerned about.

I've listened to Mr L's call when he contacted us. He said he was unhappy about the application process. In particular, the different systems for getting a decision in principle (either online or with a mortgage adviser). And that he was asked about outgoings on a potential property and HSBC didn't accept the answers he gave.

Mr L gave examples to us of what he says is incorrect and unprofessional behaviour by HSBC's staff. In summary, he says the mortgage advisor and the agent that arranged the mortgage meetings were unprofessional during phone calls. They lumped two applications together rather than considering them separately. The mortgage advisor wouldn't accept Mr L's expenditures figures for the new property, but didn't explain why or say what they believed the figures should be. Mr L also said the agent that arranged the mortgage meeting shouldn't have provided advice as they aren't a mortgage adviser.

Rules on mortgage regulation require lenders to carry out strict affordability checks before agreeing to offer or vary a mortgage. Lenders have to ask applicants for information and evidence of their income and outgoings.

I think it was fair for HSBC to ask Mr L for information about their income and outgoings. If the application had proceeded it would have asked Mr L and Mrs C for evidence (such as payslips and bank statements) so it could verify their income and expenditure.

Lenders are entitled to make a commercial decision about their processes, lending criteria and risk appetite. Even if rules on mortgage regulation didn't require HSBC to ask Mr L and Mrs C for information and evidence of their income and outgoings, it could still fairly do so as part of its usual process, to help it decide whether to lend.

Mr L and Mrs C are looking to buy a second property to move into. They might let out their existing property, use it as a second home or sell it. Mr L contacted HSBC to find out how much they can borrow. But for HSBC to give him a realistic idea of what borrowing might be affordable, it needs to know what they expect their outgoings will be after they take out the additional borrowing.

It's difficult for Mr L and Mrs C to provide information about a property they haven't yet found. But I can't fairly say that HSBC should provide this information, or that it should accept information which is clearly inaccurate. I think it's reasonable for HSBC to ask Mr L what they'd budgeted for the running costs of a second property.

HSBC started two applications – one for further borrowing and one for a new mortgage. Mr L says HSBC lumped these together. I don't think HSBC made an error here. I think it's reasonable for HSBC to gather income and expenditure information for both applications. HSBC needs to assess the amount Mr L and Mrs C can afford to borrow overall. I think it was fair for HSBC to explain it has different criteria for further borrowing (such as a lower maximum loan to value) if the funds are to be used to buy a property.

Mr L and Mrs C's situation is not straightforward. It seems they haven't yet found a property to buy, and haven't decided what they'll do with their existing property. It's difficult for them to provide information about potential future outgoings. But HSBC needs to understand what their outgoings are likely to be in order to assess what borrowing might be affordable.

Mr L and Mrs C now know that HSBC will ask for this information. I don't know if they're further forward in reaching a decision about what might do with their existing property, or if they've looked into what they need to budget for the running costs of the sort of property they are considering buying. If they are able to provide this information, that would help HSBC assess what borrowing might be affordable.

I can't fairly find that HSBC made an error when it asked Mr L for information about their income and outgoings, including running costs for the second property they intend to buy.

Mr L and Mrs C's applications could not proceed at that time due to adverse data on their credit files. HSBC says Mr L can start a new application when this has been removed, or it

will consider evidence this data was recorded in error. I think that's fair.

Mr L asked if he could continue the application online. HSBC said that isn't possible. That's because it would mean switching the application from an advised process to an execution only process. HSBC said Mr L would have to proceed with a mortgage adviser or start a new application online. I think HSBC fairly explained this to Mr L.

There's a difference between giving mortgage advice (such as recommending a particular mortgage) and providing information about a lender's process and criteria, or asking a customer for information as part of arranging a meeting with a mortgage adviser. I don't think HSBC made an error or treated Mr L unfairly when its agent gave him information about its processes.

As I said, lenders are entitled to make a commercial decision about their processes. I appreciate that Mr L found his dealings with HSBC frustrating. But I don't think HSBC acted incorrectly or unprofessionally.

Complaint handling

Mr L says HSBC refused to discuss his complaint with him on the phone after issuing the final response. He says HSBC didn't understand or address his complaint.

Complaint handling isn't a regulated activity, so it isn't something we can always look into. We can do so if the way the complaint was dealt with meant the underlying problem wasn't sorted out. I don't think that's the case here.

HSBC explained why the borrowing applications couldn't progress at that time. It responded to Mr L's complaint to say his calls had been listened to and its staff had acted correctly and in a professional way. HSBC apologised and paid £100 for not telling Mr L that the complaint handler couldn't speak to him as she was on annual leave. Even if HSBC had discussed Mr L's complaint with him, I don't think this would have resulted in a different outcome.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr L to accept or reject my decision before 20 February 2026.

Ruth Stevenson
Ombudsman