

Complaint

Mr J has complained about a credit card HSBC UK Bank Plc (“HSBC”) provided to him. He says that the credit card was unaffordable for him at the outset and the failure to carry out a more thorough affordability assessment caused him ongoing financial difficulty.

Background

In October 2018, HSBC provided Mr J with a credit card which had a credit limit of £4,000.00. Mr J’s credit limit was never increased. However, Mr J’s limit was gradually reduced over a series of ten lending decisions, from March 2019 onwards, until it reached £500 in November 2023.

In July 2025, Mr J complained saying that the credit card was unaffordable and caused him ongoing financial difficulty. HSBC did not uphold Mr J’s complaint as it thought that he’d complained too late about its initial decision to lend. Mr J remained dissatisfied and referred his complaint to our service.

When responding to our request for its file on Mr J’s complaint, HSBC reiterated its belief that Mr J had complained too late. One of our investigators reviewed what Mr J and HSBC had told us. She thought HSBC hadn’t done anything wrong or treated Mr J unfairly and so didn’t recommend that Mr J’s complaint be upheld.

Mr J disagreed and asked for an ombudsman to look at the complaint.

My findings

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Basis for my consideration of this complaint

There are time limits for referring a complaint to the Financial Ombudsman Service. HSBC has argued that Mr J’s complaint was made too late because he complained more than six years after it provided him with a credit card; as well as more than three years after he ought reasonably to have been aware of his cause to make this complaint.

Our investigator explained why it was reasonable to interpret Mr J’s complaint as being one alleging that the relationship between him and HSBC was unfair to him as described in s140A of the Consumer Credit Act 1974 (“CCA”). She also explained why this complaint about an allegedly unfair lending relationship had been made in time.

Having carefully considered everything, I’ve decided not to uphold Mr J’s complaint. Given the reasons for this, I’m satisfied that whether Mr J’s complaint about the specific lending decisions was made in time or not has no impact on that outcome.

I'm also in agreement with the investigator that Mr J's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr J has not only complained about HSBC's decision to lend to him but has also alleged that this unfairly caused him ongoing financial difficulty.

I'm therefore satisfied that Mr J's complaint can therefore reasonably be interpreted as a complaint about the overall fairness of the lending relationship between him and HSBC. I acknowledge HSBC may not agree that we can look at Mr J's complaint, but given the outcome I have reached, I do not consider it necessary for me to make any further comment, or reach any findings on these matters.

In deciding what is fair and reasonable in all the circumstances of Mr J's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr J's complaint can be reasonably interpreted as being about the fairness of the lending relationship between him and HSBC, relevant law in this case includes s140A, s140B and s140C of the CCA.

S140A says that a court may make an order under s140B if it determines that the relationship between the creditor (HSBC) and the debtor (Mr J), arising out of a credit agreement is unfair to the debtor because of one or more of the following, having regard to all matters it thinks relevant:

- any of the terms of the agreement;
- the way in which the creditor has exercised or enforced any of his rights under the agreement;
- any other thing done or not done by or on behalf of the creditor.

Case law shows that a court assesses whether a relationship is unfair at the date of the hearing, or if the credit relationship ended before then, at the date it ended. That assessment has to be performed having regard to the whole history of the relationship. S140B sets out the types of orders a court can make where a credit relationship is found to be unfair – these are wide powers, including reducing the amount owed or requiring a refund, or to do or not do any particular thing.

Given Mr J's complaint, I therefore need to think about whether HSBC's decision to initially lend to Mr J, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr J and HSBC being unfair to Mr J, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr J's relationship with HSBC is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr J's ability to make his repayments in circumstances where doing so would have revealed the credit card to be unaffordable, or that it was irresponsible to lend. And if this was the case, HSBC then didn't somehow then remove the unfairness this created.

I've considered Mr J's complaint in this context.

Our approach to complaints about irresponsible and unaffordable lending

We've explained how we handle complaints about unaffordable and irresponsible lending on our website. And I've used this approach to help me decide Mr J's complaint.

HSBC needed to make sure it didn't lend irresponsibly. In practice, what this means is HSBC needed to carry out proportionate checks to be able to understand whether Mr J 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 a lender's checks to be less thorough – in terms of how much information it gathers and what it does to verify it – in the early stages of a lending relationship.

But we might think it needed to do more 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 lender to be able to show that it didn't continue to lend to a customer irresponsibly.

The partes' submissions

HSBC says it initially agreed to Mr J's application after it took some information on his income and carried out a credit search. And the information obtained indicated that Mr J would be able to make the monthly repayment due on this credit card.

On the other hand, Mr J says that credit card was unaffordable for him and caused him ongoing financial difficulty.

I've considered what the parties have said.

Application to Mr J's complaint – Did HSBC act fairly and reasonably when offering Mr J a credit card?

What's important to note is that Mr J was provided with a revolving credit facility rather than a loan. And this means that HSBC was required to understand whether a maximum of £4,000.00 could be repaid within a reasonable period of time, rather than all in one go.

I've seen records of the information HSBC obtained from Mr J about his employment and his income. Mr J's application suggests that he was employed full-time with an annual income of £26,000.00. I can see that the application was manually reviewed by an underwriter. This is presumably because HSBC wasn't able to cross check Mr J's declaration of income electronically. Nonetheless, I can see that Mr J was asked to provide three months' worth of bank statements in order to prove his earnings.

Having reviewed these statements, when reasonable repayments to the amount that Mr J already owed were combined with his discernible living expenses and then deducted from his income, it looks like HSBC was reasonably entitled to conclude that Mr J had sufficient funds left over to make the repayments that could be required to this credit card. I also understand that Mr J didn't have any significant adverse information such as defaulted accounts or county court judgments recorded against him at the time he applied for this credit card either.

Bearing in mind all of these circumstances, it doesn't appear unreasonable for HSBC to have agreed to Mr J's application. While Mr J has argued that HSBC's checks before agreeing to weren't thorough enough, as he was asked for bank statements in order to prove his income and expenditure, I can't reasonably see what more HSBC could be expected to do.

So I'm satisfied the checks HSBC carried out before lending to Mr J were reasonable and proportionate. And given the information gathered suggested that Mr J could afford to repay the amount he might end up owing on the credit card, within a reasonable period of time, I don't think that it was unfair for HSBC to have provided the card to Mr J in the first place.

HSBC actions once Mr J was given his credit card

Mr J has also said that HSBC acted unfairly towards him as it reduced his limit from March 2019 onwards until his limit was eventually £500. The first thing for me to say is that credit limits aren't guaranteed to be made available at the same level permanently. A credit limit will be reviewed periodically and the lender will decide whether it wishes to alter a limit after a such a review has taken place. This is especially as a lender is required to monitor a borrower's repayment record and take appropriate action where there are signs of actual or possible financial difficulties. So, as a general point, I don't think that HSBC was required to provide the same limit to Mr J on an ongoing basis.

In any event, having reviewed the information provided, it looks like HSBC began the process of reducing Mr J's limit after he missed a couple of payments on his account. Given Mr J's missed payments were at the very least a sign of possible repayment difficulties, I don't think that it was unreasonable for HSBC to have reviewed whether it was appropriate to continue offering him a £4,000.00 limit. After all, reducing Mr J's limit so he didn't accrue further debt at a time he wasn't making payments to the balance he already had.

I note that Mr J has questioned the number of limit decreases that were applied to his account and has suggested that this was unfair. However, having reviewed Mr J's account balances, it looks like his limit was reduced in stages, rather than in one go, because he may have already had a balance that was close to his original limit by the time he first began missing his payments. I don't know if HSBC wanted to decrease Mr J's limit all the way down to £500 at this stage, but if it had immediately decreased Mr J's limit to £500, in March 2019, he would have been significantly over his credit limit.

In my view, HSBC taking such action is likely to have had significant adverse consequences on Mr J's financial position. As a result, I don't think that it was unreasonable for HSBC to reduce Mr J's credit limit as he repaid more of his balance. I'm satisfied that this was a more proportionate response to Mr J's missed payments – particularly as Mr J remaining over his limit for an extended period is likely to have resulted in action being taken to default the account.

I'm also mindful that Mr J's account benefitted from a preferential interest rate which meant that he wasn't charged any interest prior to January 2021. This was despite Mr J's missed payments, which typically result in a preferential interest rate being withdrawn from a customer. Equally, the information provided also suggests that no interest was added to the account, while Mr J was in the final stages of clearing his credit card balance from April 2023 onwards. Bearing all of this in mind, I'm not persuaded that it can reasonably be argued that HSBC didn't take steps to help Mr J once he had payment difficulties.

Finally, I've noted Mr J's argument that his limit being decreased shows that it was too high and unaffordable to begin with. However, I've noted that as part of his initial complaint Mr J referred to his employment circumstances changing in 2019 and that his earnings reduced as a result. I'm sorry to hear about Mr J's change in circumstances and the reduction in his income.

Nonetheless, I have to keep in mind that this was after the card had already been provided to Mr J in October 2018. In the previous section of this decision, I've already explained why I think that as HSBC's checks were proportionate. The information gathered in these checks suggested the card was affordable. I've also not seen anything to suggest that HSBC had any reason to believe that Mr J's employment circumstances would change, or that it ought to have known this would happen either.

Furthermore, I do think it likely that Mr J's missed payments and the subsequent credit limit decreases are more likely as a result of his change in circumstances, rather than his position at the outset. With this in mind, I'm not persuaded by Mr J's argument that the credit limit decreases applied to his account demonstrates that HSBC shouldn't have provided him with a credit card which had a credit limit of £4,000.00 in the first place.

Overall, and based on the available evidence I don't find that Mr J's relationship with HSBC was unfair. I've not been persuaded that HSBC created unfairness in its relationship with Mr J by irresponsibly lending to him. Based on what I've seen, I don't find HSBC treated Mr J unfairly in any other way either.

So overall and having considered everything, while I can understand Mr J's sentiments and appreciate why he is unhappy, I'm nonetheless not upholding this complaint. I appreciate this will be very disappointing for Mr J. But I hope he'll understand the reasons for my decision and that he'll at least feel his concerns have been listened to.

My final decision

For the reasons I've explained, I'm not upholding Mr J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 13 March 2026.

Jeshen Narayanan
Ombudsman