

The complaint

Mr G complains about the way his application for a business account and commercial card with HSBC UK Bank Plc was handled, leading to financial loss.

What happened

In July 2025, Mr G applied to HSBC for a business account and a commercial card (a credit card) in respect of a business he was starting up.

He was contacted by an adviser, on 9 July who told him that the lending team had asked further questions about his application. He answered the questions and was asked by the adviser whether he was happy to open the business account if his commercial card application wasn't approved.

Mr G believed he was told that HSBC had approved his application and just wanted answers to some questions. He contacted HSBC again on 16 July to ask what was happening. He was told the bank account would be opened but the commercial card application had been rejected, with the suggestion that he apply for a card with a lower limit. He said he wanted to raise a complaint about the matter.

Subsequently Mr G was sent a list, by a complaint handler at HSBC, of additional questions the lending team wanted answers to. They later spoke to Mr G on 23 July and said that the application hadn't been rejected but that the lending team wanted answers to the questions. But Mr G said he hadn't decided whether he wished to proceed or to close the account.

Later in August 2025 the complaint handler told Mr G that he could still put in an application with a lower limit as an existing customer, but that HSBC would need to do a further credit search. The search would be removed from his record after a month but Mr G didn't want to proceed with this as he believed it could have affected his application for a mortgage.

HSBC said that its communication with Mr G had been poor and that he should have been kept up to date with his application and the questions from the lending team should have been put to him first. However it couldn't proceed with the application without doing the credit search. It offered £300 compensation which Mr G rejected.

On referral to the Financial Ombudsman Service our Investigator said they thought HSBC's offer of £300 was fair and reasonable in the circumstances of this complaint.

Mr G didn't agree and the matter has been passed to me for an Ombudsman's consideration

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.

I've considered everything both parties have submitted to our Service. I won't go through every point raised and will focus on what I consider to be key to the outcome of this complaint. This is in line with the informal nature of our Service.

I understand that Mr G insists that he was told by HSBC that his commercial card application had been approved and that the lending team just asked a few further questions. He believes that having supplied the answers to those questions HSBC should have issued the commercial card to him.

Mr G has told us that his information came from the telephone call on 9 July. I've listened to the recording of that call. The adviser didn't say at any stage that the commercial card application had been approved. They did say that if the Lending Team didn't approve the lending was he okay with the account opening only and he said yes.

So I think it would have been reasonable if Mr G thought that having answered the further questions his application should have been approved, though not that it was already approved. At this stage there was a breakdown in communication as HSBC didn't get back to Mr G. In a long telephone call a week later he was told by another adviser that his application had been rejected but that he could proceed with an application with a lower credit limit. At that stage Mr G indicated that he wanted to make a complaint about the matter.

When on 23 July he was contacted by the complaint handler, he was asked still more questions about the application. He was told that it hadn't in fact been rejected but that the lending team wanted answers to the questions to consider it further.

I think that a week after he made the application and felt he had been given contradictory advice, Mr G had decided not to pursue it. He made this clear in the call a week after that with the complaints handler when he said that he didn't know whether he wished to proceed. And I have noted that he didn't provide any further answers.

Having considered the evidence, I don't think that HSBC was prepared to proceed with the original application for the commercial card. As Mr G hadn't answered the further questions he could only proceed with an application based on a lower credit limit and for that HSBC did require to carry out a further credit search which Mr G wasn't prepared to agree to.

I think that Mr G was given contradictory advice about whether his application had been rejected and I don't think HSBC communicated very well with him. It has offered compensation of £300 which I think is fair and reasonable in the circumstances of this case.

I don't think however that Mr G has incurred any losses arising out of HSBC's poor service. I understand that he wanted to use the commercial card for startup costs but in my view within a week of the application he knew that he wouldn't be getting the card with the limit that he had applied for. And he didn't want to proceed with an application with a lower limit. So he would have had the opportunity to make arrangements elsewhere if he needed the funds for startup costs.

With regard to the complaints handling Mr G's allegation concerns his dissatisfaction with the way the evidence was looked at by the complaint handler. As our Investigator has said, complaints handling itself is not generally something that we can look at further.

My final decision

HSBC has already made an offer to pay £300 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that HSBC UK Bank Plc should pay £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or

reject my decision before 10 April 2026.

Ray Lawley
Ombudsman