

Complaint

Mr A has complained about a credit card HSBC UK Bank Plc (“HSBC”) provided to him.

He says that the credit card was unaffordable for him and caused him ongoing financial difficulty.

Background

In November 2016, HSBC provided Mr A with a credit card which had a credit limit of £5,500.00. In October 2024, Mr A’s credit limit was increased to £6,000.00.

In July 2025, Mr A complained saying that the credit card was unaffordable and caused him ongoing financial difficulty. HSBC agreed that it shouldn’t have agreed to increase Mr A’s credit limit in October 2024. However, it thought that Mr A’s complaint about the initial decision to provide him with the credit card was made too late. Mr A remained dissatisfied and referred his complaint to our service.

When responding to our request for its file on Mr A’s complaint, HSBC reiterated its belief that Mr A had complained about the decision to provide him with the credit card too late. One of our investigators reviewed what Mr A and HSBC had told us. And she thought HSBC hadn’t done anything wrong or treated Mr A unfairly when providing the credit card. So she didn’t recommend that Mr A’s complaint be upheld.

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

My findings

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

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 A’s complaint was made too late because he complained more than six years after its initial decision to provide 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 A’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 A’s complaint. Given the reasons for this, I’m satisfied that whether Mr A’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 A's complaint should be considered more broadly than just the lending decisions. I consider this to be the case as Mr A has not only complained not about the decision to lend but has also alleged that this unfairly caused ongoing financial difficulty as he had to take out further credit to maintain his payments.

I'm therefore satisfied that Mr A'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 A'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 A's case, I am required to take relevant law into account. As, for the reasons I've explained above, I'm satisfied that Mr A'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 A), 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 A's complaint, I therefore need to think about whether HSBC's decision to initially lend to Mr A, increase his credit limit on the occasions it did, or its later actions resulted in the lending relationship between Mr A and HSBC being unfair to Mr A, such that it ought to have acted to put right the unfairness – and if so whether it did enough to remove that unfairness.

Mr A's relationship with HSBC is therefore likely to be unfair if it didn't carry out reasonable and proportionate checks into Mr A'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 A'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 A'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 A 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.

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

What's important to note is that Mr A was provided with a revolving credit facility rather than a loan. And this means that HSBC was required to understand whether a maximum of £5,500.00 could be repaid within a reasonable period of time, rather than all in one go. I think it's fair to say that the monthly repayments required to repay a credit limit of £5,500.00 weren't especially large.

Given the length of time that's passed, HSBC hasn't been able to provide details of what it saw about Mr A's circumstances at the time of his application. However, I understand that it's general process at this time would have seen it ask Mr A for details of his employer and his income and also carry out a credit search. I also understand that Mr A 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.

Nonetheless as there was the prospect of Mr A owing up to £5,500.00, I do think that it would have been reasonable and proportionate for HSBC to have found out a bit more about Mr A's regular living costs before offering this credit card. As I can't see that this was something that HSBC did do, I don't think that it carried out reasonable and proportionate checks before providing this credit card to Mr A.

Ordinarily, where a firm failed to carry out reasonable and proportionate checks before providing credit or increasing the amount available to a customer, I'd usually go on to recreate reasonable and proportionate checks in order to get an indication of what such checks would more likely than not have shown.

However, Mr A hasn't been able to provide us with the information we've asked him for in order to be able to assess what HSBC finding out more about his circumstances is likely to have shown. All Mr A has been able to provide is a copy of a single payslip. I don't think that that document alone is enough for me to be able to conclude that this credit card was unaffordable for him. So I've not been provided with sufficient evidence to reasonably conclude that the credit card was unaffordable for him.

I appreciate that Mr A may feel that it is unreasonable and unfair to expect him to provide information which he doesn't have and cannot reasonably be expected to have. But I also have to take into account that HSBC isn't required to have retained all of this information either and it was Mr A that chose to make his complaint in May 2025. As this is the case, I have to decide the complaint on what I have before me.

Equally, it is only fair and reasonable for me to uphold a complaint in circumstances where I can see that any credit provided was unaffordable. And I'm afraid that I've not been provided

with sufficient evidence which corroborates what Mr A has said about not being able to make the monthly payments required should he owe the full amount of his credit limit.

In reaching my conclusions, I've noted what Mr A has said about circumstances and his health. I've reviewed the significant amount of information that he's provided on this. It's clear that Mr A has gone through a very difficult time and I sincerely sympathise with what happened and the effect that this had on his financial position.

However, this is information that's been provided after the lending decision in question took place. I can't see that HSBC had any of this information or anything similar at the time of Mr A's application. So it's fair to say HSBC did not know about any of this. Equally, it didn't have any reason to suspect this at the time of Mr A's application either. As this is the case, I can't reasonably say that HSBC failed to take into account information that it ought to have been aware of when it agreed to lend to Mr A.

I've also considered the fact that Mr A has had more recent difficulty making the payments to his credit card and that he was referred to HSBC's collections team as a result. Furthermore, I can see that there was more than one instance where Mr A told HSBC his arrears were because he was experiencing difficulty. Once a lender is told, or it realises, that a borrower is experiencing financial difficulties we would expect it to exercise forbearance and due consideration, in line with its regulatory obligations.

HSBC placed temporary holds on Mr A's account in order to provide him with the breathing space to find a more sustainable method of making up his payments. I'm satisfied that this was a reasonable first step to what Mr A had told HSBC about his circumstances. However, these holds were only ever meant to be a temporary measure and HSBC did require Mr A to complete an income and expenditure assessment to show what if anything he could pay going forward. This has since been done through a debt charity and I understand that HSBC is accepting affordable payments through Mr A's agreed plan.

In these circumstances, I think it's fair to say that HSBC has taken reasonable steps to help Mr A.

Overall, and based on the available evidence I don't find that Mr A's relationship with HSBC was unfair. I've not been persuaded that HSBC created unfairness in its relationship with Mr A by irresponsibly lending to him. Furthermore, any unfairness that could have been caused as a result of HSBC's decision to increase Mr A's credit limit in October 2024 has since been rectified as a result of Mr A's account being placed in the position it would be had that increase not taken place. Based on what I've seen I don't find HSBC treated Mr A unfairly in any other way either.

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

Although I'm not upholding Mr A's complaint, I would remind HSBC of its continuing obligation to exercise forbearance and due consideration, given what Mr A has said about his circumstances now and the impact this is having on his ability to repay the outstanding balance.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 May 2026.

Jeshen Narayanan
Ombudsman