

The complaint

Miss A complains that HSBC UK Bank Plc trading as HSBC irresponsibly lent to her.

What happened

Miss A was approved for a HSBC credit card in April 2024, with a £3,000 credit limit. The credit limit was increased to £3,500 in November 2024. Miss A says that this was irresponsibly lent to her. Miss A made a complaint to HSBC, who did not uphold her complaint. HSBC said that they were satisfied that sufficient checks had been undertaken and they didn't identify a bank error. Miss A brought her complaint to our service.

Our investigator did not uphold Miss A's complaint. He said HSBC should have completed further checks for the account opening stage, but further checks would have shown the lending to be affordable for Miss A. He said there was no detriment to the credit limit increase as Miss A did not incur any charges or fees after the credit limit had been increased which would have resulted in a refund for her.

Miss A asked for an ombudsman to review her complaint. She made a number of points. In summary, she said that if HSBC couldn't evidence proportionate checks, then this should weigh against the lender. She said she relied heavily on her HSBC overdraft, and shortly after the credit card was open she exceeded her overdraft. Miss A said she exceeded the credit card credit limit in September 2024, but shortly after this they increased the credit limit.

Miss A said although she made balance transfers from the HSBC credit card, she re-used the debt she repaid from her other cards, and she was recycling debt to repay the HSBC credit card. She said her outgoings were materially higher than what was assumed.

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.

Firstly, I'm aware that I've only summarised Miss A's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I'm aware that Miss A has made a number of complaints with HSBC about different products she holds/held with them. I want to be clear to her that this decision will solely focus on her irresponsible lending complaint for her credit card. She should expect separate responses on her other complaints, when there are any updates to the separate complaints.

Before agreeing to approve the credit available to Miss A, HSBC needed to make proportionate checks to determine whether the credit was affordable and sustainable for her. There's no prescribed list of checks a lender should make. But the kind of things I expect lenders to consider include - but are not limited to: the type and amount of credit, the

borrower's income and credit history, the amount and frequency of repayments, as well as the consumer's personal circumstances. I've listed below what checks HSBC have done and whether I'm persuaded these checks were proportionate.

Acceptance for the HSBC credit card

I can see that Miss A declared a gross annual income of £29,140, which was a net monthly income of £1,580, and that she lived with her partner. HSBC have not forwarded their other checks to our service as they say no redress would be due to Miss A if the complaint was upheld.

I do not agree with what HSBC have said here as I can see that Miss A was charged balance transfer fees, an overlimit fee, and instalment fees during the time she had this account open.

As I don't have all of the account opening checks here, I can't say whether HSBC's checks were proportionate or not, therefore I have taken a cautious approach here. I say this as I have looked at what further checks would have shown HSBC if their account opening checks weren't proportionate. While Miss A has said that this should weigh against the lender, I must explain to her that it's not the role of this service to punish a business or to make them change the way they act in order to protect other customers in the future. That is the role of the regulator.

I've viewed Miss A's bank statement which her salary credits the account for the three months leading up to this lending decision. And Miss A often uses her overdraft. But using an arranged overdraft in its own right does not automatically equate to further lending being unaffordable.

I say this as a borrower may choose to spend their disposable income on non-essential items as opposed to using this money to reduce their arranged overdraft limit. So I've looked at what else the bank statements showed.

I can see that Miss A did open a personal loan in the month prior to the credit card. So this could show that Miss A was hungry for credit. But here, I can see that she used this loan to consolidate an existing loan with the same provider, and she used the majority of the loan proceeds to pay existing debt. I note that the difference between the monthly repayment of the loan she had (£173.40), and her new monthly loan repayment (£229.88), was for £56.48, so the increased cost would need to be factored into the affordability assessment for this credit card.

But I would also expect Miss A's outgoings to reduce on her other debt she was repaying. This includes any balance transfers she completed with the new HSBC credit card. While Miss A has said that she re-used this credit, it wouldn't be proportionate for HSBC to expect that someone would consolidate debts only to re-use the credit shortly after this. So I can't fairly say that this would have been foreseeable to HSBC if they needed to make further checks.

Miss A did not appear to have any returned direct debits. And her net income from what appears to be her salary was more than she declared on her application form, so HSBC would believe Miss A was earning more than what she declared.

HSBC would have also seen that another party transferred £1,500 over two payments in the three months into Miss A's account which she then paid the money into a joint account with another bank shortly after receiving this. So it would be proportionate for HSBC to expect that Miss A wouldn't pay all of the household outgoings, especially as she said she lived with

her partner, and therefore they wouldn't have reason to believe Miss A's outgoings were materially higher than what had been assumed.

Overall, if HSBC needed to complete further checks and looked closer at Miss A's bank account she held with them, I'm persuaded that they still would have approved the £3,000 credit limit as it would appear that the repayments would be affordable and sustainable for her.

So I'm persuaded that HSBC made a fair lending decision here. While I've considered what Miss A has said about her exceeding her overdraft in the month after she was approved for the credit card, this wouldn't have been foreseeable to HSBC at the time of the opening checks.

November 2024 credit limit increase - £3,000 to £3,500

I have not made a finding on whether HSBC has made a fair lending decision or not for this lending decision as even if I deemed them to have made an unfair lending decision, there would be no action that HSBC would need to take here.

I say this because Miss A had no balances over £3,000 after the November 2024 lending decision, so there would be no interest over £3,000 that they would need to refund. The statements show there were no fees/charges incurred after the November 2024 credit limit increase, apart from an instalment plan. But this would not be refunded as this occurred when the outstanding balance was under £3,000. As Miss A has a £0 balance now, and the account is closed, then I wouldn't need to ask them to set up a repayment plan for Miss A, and there is no adverse information to correct with the CRA's after the credit limit increase.

The overlimit fee Miss A incurred on this credit card was prior to the credit limit increase, so even if I upheld her complaint from this point, this wouldn't be refunded to her. So I'm not persuaded that Miss A has been able to demonstrate any detriment here. And if she perceived the increased credit limit to cause her detriment, then I would expect her to simply ask HSBC to not go ahead with the credit limit increase as she had over a month to instruct them not to go ahead with the increase, but she did not make a request for them to do this.

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 can't conclude that HSBC lent irresponsibly to Miss A 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

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 12 May 2026.

Gregory Sloanes
Ombudsman