

The complaint

Mrs V says HSBC UK Bank Plc irresponsibly lent to her.

What happened

Mrs V took out a loan from HSBC in July 2025 for £10,000 over 60 months with monthly repayments of £269.57.

Our investigator did not uphold Mrs V's complaint. She said HSBC's checks were not proportionate, but it could fairly have made the same lending decision had it completed more appropriate checks.

Mrs V disagreed with this assessment and asked for an ombudsman's review. She said, in summary, whilst her incomings and outgoings may appear to show the loan was affordable in reality she was regularly reliant on her overdraft to manage day-to-day living costs and had been for years. She was dependant on credit and this loan made things worse.

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.

We've set out our approach to complaints about irresponsible and unaffordable lending on our website and I've followed it here.

Before agreeing to lend, HSBC needed to complete reasonable and proportionate checks to ensure that Mrs V could afford to repay what she was being lent. There's no set list of checks that a lender has to complete, but the checks need to take into account factors such as the amount of the loan, the amount of the repayments and the borrower's financial circumstances.

I've thought about whether HSBC carried out reasonable and proportionate checks for this loan. I've then looked at the information HSBC obtained from Miss C when she applied for the loan, assessed whether this was proportionate and also whether it made a fair lending decision.

HSBC says it asked Mrs V about her income and verified this by looking at her current account turnover as she banked at HSBC. It used modelled essential monthly spending to estimate her expenditure and a housing cost from her credit check as she said she was a homeowner. It carried out a credit check to understand the cost of her existing credit commitments and her credit history. Based on these checks HSBC calculated Mrs V would have sufficient disposable income to be able to repay the loan sustainably.

I don't think these checks were proportionate given the value and the term. I think HSBC ought to have checked Mrs V's actual living costs over the previous three months, this information was easily accessible to it as she held her main bank account there. Had it done so however it could fairly have made the same lending decision. It would have seen from her

current account her average monthly income was £2,608 and her average outgoings (non-discretionary) were around £1,800, so she had sufficient disposable income to take on this loan and sustainably repay it.

Mrs V argues the numbers don't reflect the reality, citing her reliance on her overdraft and the credit she already had. But the figures above take into account what she needed to spend each month on her existing debt. And at this time she had a small overdraft facility of £250 that she was not persistently reliant on - her account was in credit each month for significantly longer than it wasn't. In addition, both Mrs V's savings accounts at the bank held more than sufficient funds (around £8,900 at the time of application) for her not to have needed to use this overdraft facility at any time. So I can't agree it was a sign of financial strain. Her current account showed none of the common signs of financial difficulties such as returned direct debits or the use of payday loans. And there was a high level of discretionary spend that Mrs V had the ability to flex.

The bank's credit check showed she had £19,200 of debt that was largely well-managed. There were no defaults, ongoing delinquencies or CCJs. One account had been one month in arrears, but that was corrected before this loan application. Mrs V had only opened one other new line of credit in the previous six months.

Mrs V also argues that HSBC needed to look further back when it completed its checks, but three months is generally proportionate for unsecured lending of this type. I appreciate Mrs V had struggled financially in the past, but it would not be fair for this to prejudice a lending decision in 2025 when the results of proportionate checks would have shown that she could sustainably afford this loan.

It follows I do not think HSBC was wrong to provide this loan to Mrs V in July 2025.

I've also considered whether the relationship might have been unfair under Section 140A of the Consumer Credit Act 1974. However, for the reasons I've already given, I don't think HSBC lent irresponsibly to Mrs V 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 am not upholding Mrs V's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs V to accept or reject my decision before 6 May 2026.

Rebecca Connelley
Ombudsman