

## **complaint**

Miss T complains that HSBC Bank Plc (HSBC) should not have approved her credit card application as she had multiple pay day loans, a low credit score, missed payments on her credit file and had a history of gambling.

## **background**

Miss T applied to HSBC for a credit card in November 2016. She wanted to do a balance transfer from V Bank for £1,500. HSBC asked her if she foresaw any changes in her circumstances that may increase her outgoings or reduce her disposable income, to which she replied 'No'. Miss T has said that she had a history of pay day loans and was gambling.

HSBC approved her application with a credit limit of £5,500 which Miss T then used on a variety of purchases including online gambling.

Some 18 months later Miss T complained to the bank saying it should not have issued her a card with such a high credit limit. And, if it had carried out a proper assessment of her financial position it wouldn't have done so.

HSBC said that when Miss T had applied for the credit card it followed their procedures correctly and had not made any errors. HSBC said it had taken into account the information it already held, and information from an external credit search. It also said it had given Miss T full information relating to the account so that she could make a decision as to whether the credit card was right for her.

HSBC said that if Miss T had notified them that she was experiencing financial difficulty at the time of the application it would not have issued her with a credit card, but she had not disclosed that information.

Our investigator looked into the complaint but didn't think HSBC had done anything wrong. He found that in agreeing Miss T's application HSBC had carried out a credit check and credit scored her application using the information she had supplied. The investigator confirmed that from the evidence he had seen it did show that there were historic payday loans but they had all been settled. But it didn't show when they were opened, so he couldn't say what was outstanding at the time the account was opened. He also found that there was no evidence of adverse data on Miss T's credit file which might have affected the outcome of her application.

Our investigator didn't think the available evidence supported Miss T's claim that HSBC had acted irresponsibly in agreeing her application. He thought HSBC had carried out proportionate checks and couldn't conclude that it had done anything wrong. Miss T disagreed and so the complaint has come to me for a final decision.

## **my findings**

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

All lenders are required to lend responsibly which means, amongst others things, checking the credit worthiness of potential borrowers before lending to them. This is for the protection of both borrower and lender. Before lending to a customer we expect businesses to perform some checks to ensure that the money can be repaid. We, as a service, do not set which

checks need to be carried out – that is for lenders to decide. But we do expect them to be able to show that they carried out reasonable and proportionate checks in the circumstances.

Here Miss T's application for a credit card was subject to affordability and credit checks which she passed. Miss T has been critical of HSBC in stating that it should not have lent to her when she was in financial difficulty. But she did not tell them that she had such difficulty, nor that she was using on line gambling sites, and so HSBC could not have known that critical information.

The evidence Miss T has produced in the form of a credit report shows that she settled a loan in the September prior to taking out the credit card in November 2016. What it does not show is the level of debt she had at that time. It also shows that a number of payday loans were settled, which is the point our investigator drew out. Miss T was invited to provide further evidence regarding the outstanding payday loans at the point HSBC issued the card but she has been unable to. I therefore find myself in the same position as our investigator in that I can't fairly say what was outstanding in terms of debt when she applied for the card.

Consequently I find that HSBC's decision to approve her application was reasonable. Miss T has argued that if HSBC had carried out a more detailed investigation of her finances it would have realised that she was having financial difficulty. That may be so, but in my view the checks carried out by HSBC were proportionate to the amount being advanced and I would not have expected HSBC to have done more.

I'm afraid therefore that I cannot reasonably uphold Miss T's complaint.

### **my final decision**

I know Miss T will be disappointed with my decision but I have come to the same conclusion as the investigator for similar reasons. I'm not satisfied that HSBC Bank Plc has treated Miss T unfairly.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 19 October 2018.

Jonathan Willis  
**ombudsman**