

The complaint

Mr H and Ms W complain HSBC UK Bank Plc declined their application for a joint Advance bank account.

What happened

Mr H and Ms W applied to HSBC for a joint Advance bank account. HSBC declined their application and offered a joint basic account instead.

Mr H and Ms W complained to HSBC, they explained they did not understand why they had not met the criteria for an Advance account and wanted an explanation.

In its final response HSBC confirmed Mr H and Ms W did not meet the criteria for the Advance account but refused to provide them with the reason for declining their application.

Mr H and Ms W referred their complaint to our service and we undertook an investigation.

Our investigator considered the complaint and said they didn't think HSBC had acted unfairly, unreasonable or had discriminated against Mr H and Ms W. Our investigator explained HSBC were able to decide who to offer certain products too, and HSBC had outlined to them the minimum criteria for successfully applying for an Advance account.

Mr H and Ms W rejected our investigator's view, reiterating they could not understand why they did not qualify for the account. They explained their complaint was about HSBC's lack of openness, transparency and honesty about the process. They also asked for the evidence we had based our view on.

In response, our investigator asked HSBC if he could share the information HSBC had provided to us regarding eligibility. HSBC agreed on this occasion we could share some information regarding the reason for the application being declined. We therefore shared HSBC declined the application because Mr H and Ms W did not qualify for the £1,000 overdraft facility, which is a benefit and qualifying criteria of the Advance account.

Mr H and Ms W were not satisfied with this explanation and asked the complaint to be considered by an Ombudsman, their complaint has therefore been passed to me to make a final decision.

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.

Mr H and Ms W want to know the reasons why HSBC refused their application for the Advance account based on their eligibility.

Every bank has its own criteria for deciding whether to open accounts. Banks are generally able to refuse to open accounts and aren't obliged to explain the reasons for refusal. This is particularly the case for accounts which are not 'basic' accounts and offer enhanced benefits, where there are likely to be stricter criteria to qualify.

A bank's decision not to open an account is generally a commercial decision that it is entitled to make provided it is fair and not discriminatory. The Advance account is not a basic account, it has set criteria to qualify for it. HSBC are therefore entitled to apply this criteria and decide who they approve for this account.

I can see HSBC have chosen to provide only limited information regarding eligibility. Banks are allowed to keep their reasons confidential, the details are often commercially sensitive, so I am unable to require HSBC to provide more information.

Following Mr H and Ms W's response to our views, I can see HSBC have allowed us to provide some details regarding its decision. HSBC has explained Mr H and Ms W's ineligibility for an overdraft of £1,000 was the reason for declining to open this account.

On this occasion, I consider this to be helpful context. I also note this it is clear in the marketing material for this account, eligibility for the advance account requires qualification for a £1,000 overdraft. I therefore think this is a reasonable and fair explanation for why HSBC declined the application for an Advance account.

I also note HSBC is happy to offer a basic joint account to Mr H and Ms W, which I think also demonstrates to some extent it has applied the criteria fairly and would still be willing to open an account for Mr H and Ms W.

I do not think HSBC did anything wrong in not providing this information to Mr H and Ms W, or not providing details of why they were not eligible when they applied. I am satisfied, from the evidence I have seen and for the reasons above, there is no suggestion HSBC's decision was discriminatory, and the basis for the decision was fair.

For these reasons I do not uphold this complaint.

I appreciate this is not what Mr H and Ms W want, but banks can legitimately refuse to open accounts and not provide the reason to the customer.

My final decision

For the reasons I have given, my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H and Ms W to accept or reject my decision before 11 April 2024.

Gareth Jones
Ombudsman