

## **The complaint**

Mr W complains HSBC UK Bank Plc provided him with an unaffordable credit card.

## **What happened**

HSBC provided Mr W with a credit card with a limit of £1,500 in December 2019; this limit was never increased. Mr W was also provided with other credit facilities around the same time which have been the subject of separate complaints.

Mr W complained to HSBC in November 2023 saying it had irresponsibly provided him with the credit card. He said had it completed proportionate checks it would have identified the limit was unaffordable for him.

HSBC didn't uphold the complaint. It said it considered it had completed proportionate checks and reached a fair lending decision when providing Mr W with the credit card limit.

Unhappy with HSBC's response Mr W referred his complaint to our Service for review.

Our Investigator considered Mr W's complaint and didn't uphold it. She considered HSBC's checks were proportionate based on the terms of the lending it provided Mr W, as well as his individual circumstances that it had identified. She considered, based on these checks, that it had made a fair lending decision when providing Mr W with this credit card.

Mr W didn't accept our Investigator's outcome. In summary he said HSBC's checks ought to have been more detailed considering the total credit it was providing him. He reiterated his argument that further checks would have identified this lending was unaffordable for him.

Mr W asked for an Ombudsman's review, so the complaint's been passed to me to decide.

My decision here solely deals with the credit card account Mr W was provided with; although I've taken into account the wider circumstances.

## **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.

Having done so I've reached the same outcome as our Investigator; for broadly the same reasons. I appreciate this will be disappointing to Mr W.

We've set out our approach to complaints about irresponsible and unaffordable lending as well as the key rules, regulations and what we consider to be good industry practice on our website; and our Investigator set this out within her assessment so both Mr W and HSBC are aware of this approach.

Essentially HSBC needed to take reasonable steps to ensure the lending it provided was responsibly lent to Mr W. The relevant rules, regulations, and guidance at the time of

HSBC's lending decision required it to carry out reasonable and proportionate checks. These checks needed to assess Mr W's ability to afford the credit limit being provided and repay it sustainably, without causing him financial difficulties or harm.

There isn't a set list of checks HSBC needed to carry out, but they should be proportionate, considering things like the type, amount, duration, and total cost of the credit, as well as what it knew about Mr W's individual circumstances.

And it isn't sufficient for HSBC to just complete proportionate checks – it must also consider the information it obtained from these checks to make a fair lending decision.

I've considered all of this when reaching my decision on this complaint.

In December 2019 HSBC approved Mr W with a credit card account alongside another credit facility. As I've set out above, the credit card is the sole consideration of my decision here.

HSBC has said when providing Mr W with the credit card it obtained his declared income and completed a credit check to understand his existing credit commitments and his recent management of credit. It's said based on the information it obtained through these checks it was satisfied this lending was affordable for Mr W, and that it therefore fairly provided him with the credit card.

I've carefully considered HSBC's arguments; and having done so I'm persuaded its checks were proportionate, and that it went on to make a fair lending decision in this instance.

I say this because based on the types and total value of credit being provided in December 2019, I consider HSBC's checks needed to have led to it obtaining a general understanding of Mr W's financial circumstances.

HSBC has said it obtained Mr W's declared income of £28,000 and completed a credit check. It hasn't provided our Service with the results of the credit check it completed in December 2019. However just over a week later, in early January 2020, Mr W applied for further credit with HSBC, and it has provided us with the credit check results it obtained at this point. Given the close proximity between the two credit checks, I consider it's reasonable for me to rely on the information it obtained in January 2020; as I consider, on balance, it more likely the information it obtained just over a week earlier would have been very similar, if not the same.

The credit check shows no adverse information such as bankruptcy, defaults, CCJs or missed payments. It appeared to show that in general Mr W was managing his existing lines of credit well and his total outstanding debt to income ratio was relatively low. So, I don't consider there was anything within the information HSBC obtained which ought reasonably to have caused it concern or led to it conducting more detailed checks.

Mr W has said he considers HSBC's checks should have been more detailed, and it should have gone through an income and expenditure assessment with him before approving this lending. While I accept there will be occasions where this may be relevant, based on my findings above I don't consider it would be proportionate for HSBC's checks to have been as detailed as Mr W expects at the time of this lending event.

Based on the information HSBC obtained I consider it went on to make a fair lending decision when reasonably assessing this credit card limit would be sustainably affordable for Mr W. So, it therefore follows HSBC doesn't need to take any further action in resolution of this complaint.

### **My final decision**

For the reasons set out above my final decision is that I'm not upholding Mr W's complaint about HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 May 2024.

Richard Turner  
**Ombudsman**