

## **The complaint**

Mr O complains that HSBC UK Bank Plc was irresponsible in its lending to him.

## **What happened**

Mr O was provided with a HSBC credit card in 2004. He said he experienced financial difficulties and entered an individual voluntary arrangement (IVA) in 2005 which was completed early in 2007 through a full and final settlement. Mr O said that over the years of having the HSBC credit card, his credit limit was increased without him requesting this until it reached £11,000. He said that he was generally operating at or near his credit limit and was only making the minimum monthly repayments. In 2023, Mr O received a letter from HSBC saying that it had reduced his credit limit by £250 to £10,750 citing that this had happened after a review of his account. He said it was at this point that he became aware of the principles of responsible lending, and he raised a complaint against HSBC. He said that given his account history he shouldn't have been provided with the credit limit increases.

HSBC issued a final response letter dated 16 November 2023. It noted that Mr O's primary complaint was that his credit limit had increased from £1,500 to £11,000 over a number of years. It said that before lending it considered a number of factors including how an account was being managed, level of the outstanding balance and any information received from the credit reference agencies. It said that it wrote to Mr O before the credit limit was increased and Mr O could have asked for this not to happen. It also said that Mr O could have contacted it at any point had he wanted his credit limit decreased. HSBC said it had not record of Mr O contacting it about any financial difficulties and said that the credit limits were applied in line with the relevant guidance. It didn't accept it had acted irresponsibly in regard to Mr O's account.

Mr O referred his complaint to this service.

Our investigator said that Mr O's credit card account was opened in 2004 with an initial credit limit of £500. The credit limit was then increased on nine occasions with the final limit increase taking place in January 2016, bringing Mr O's credit limit to £9,000. He explained that a decision had been issued to say that the merits of this complaint could be considered.

Our investigator noted that given the time that had passed since the account was opened and credit limit increases applied, HSBC had said it held limited information and wasn't able to provide evidence of the specific checks that were completed. He requested copies of Mr O's bank statements and credit reports from the time of the lending decisions, but these weren't able to be provided. Given the limited information available, our investigator said that he wasn't able to fully understand Mr O's financial position at the time of the lending and so he couldn't say what HSBC should have been reasonably aware of. Therefore, he didn't find he had evidence to say that HSBC had acted unfairly.

Mr O didn't accept our investigator's view. He provided copies of his bank statements from September 2019 noting that he was making substantial use of his overdraft.

## **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.

Our general approach to complaints about unaffordable or irresponsible lending – including the key rules, guidance and good industry practice – is set out on our website.

The rules don't set out any specific checks which must be completed to assess creditworthiness. But while it is down to the firm to decide what specific checks it wishes to carry out, these should be reasonable and proportionate to the type and amount of credit being provided, the length of the term, the frequency and amount of the repayments, and the total cost of the credit.

HSBC has explained that it doesn't retain detailed records for more than six years in line with data protection rules. Mr O has provided copies of his account statements from 2019 but has explained he is unable to provide evidence from the time the lending decisions were made. I have therefore considered the information that has been provided, including Mr O's testimony, alongside the relevant rules, regulations and guidance in place at the time the lending decisions were made, to assess whether I can say that HSBC should have been aware that providing the credit to Mr O wasn't responsible.

Mr O opened a credit card account with HSBC in September 2004 with an initial credit limit of £500. This was increased nine times between 2008 and 2016. The final limit increase took place in January 2016 and brought Mr O's credit limit to £11,000. Mr O has said he didn't request the limit increases, and while I note HSBC's comment that Mr O didn't have to accept these (and could request a credit limit decrease) HSBC was required to ensure that any additional lending it provided was affordable for Mr O.

Unfortunately, as I haven't seen evidence to show Mr O's financial situation at the time the credit card account was opened and credit limit increases applied, I cannot say whether or not checks undertaken at the time would have raised concerns about the lending. I also haven't seen details of how Mr O's account was being managed in the months leading up to the credit limit increases and so while I note Mr O's comment about occasional late payments and only paying the minimum monthly amount, I do not have evidence that shows Mr O's account management raised concerns about his existing credit at the time. I can see that Mr O entered persistent debt and that HSBC wrote to him about this in September 2018 saying that he had paid more in interest and charges than he had repaid of the amount borrowed in the previous 18 months. While this could indicate that Mr O was struggling financially, given the dates, I do not find this is enough to say that the credit limit increases (with the final one being in January 2016) were irresponsible.

I've also considered whether HSBC acted unfairly or unreasonably in some other way given what Mr O has complained about, including whether its relationship with Mr O might have been unfair under Section 140A Consumer Credit Act 1974. However, for the reasons I've already given, I don't think I can say that HSBC lent irresponsibly to Mr O or otherwise treated him 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.

I understand that my decision will be disappointing for Mr O but without further evidence to show that HSBC should have been reasonably aware at the time of the lending that it wasn't responsible, I do not find I can uphold this complaint.

**My final decision**

My final decision is that I do not have enough evidence to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 24 December 2024.

Jane Archer  
**Ombudsman**