

The complaint

Mr M complains that HSBC UK Bank Plc ('HSBC Bank') irresponsibly gave him increases to an overdraft that he couldn't afford.

What happened

In January 2019 Mr M applied to increase his overdraft from £800 to £1,800. In May 2019 Mr M applied online for a further increase to £2,200.

In 2022, Mr M complained to HSBC Bank to say that the account shouldn't have been increased at these times because it wasn't affordable.

Our adjudicator recommended the complaint should not be upheld. Mr M didn't agree. So, the complaint has been passed to me to decide.

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.

I've read and considered the whole file, but I'll confine my comments to what I think is relevant. If I don't comment on any specific point, it's not because I've failed to consider it but because I don't think I need to comment on it in order to reach what I think is the right outcome in the wider context. My remit is to take an overview and decide what's fair "in the round".

HSBC Bank will be familiar with all the rules, regulations and good industry practice we consider when looking at a complaint concerning unaffordable and irresponsible lending. So, I don't consider it necessary to set all of this out in this decision. Information about our approach to these complaints is set out on our website.

Mr M's complaint is that HSBC Bank made credit available that was unaffordable. It's possible that the checks HSBC Bank performed were insufficient. But had more thorough searches been performed, I'm not persuaded that HSBC Bank would have seen sufficient evidence to have been put off providing the increases to Mr M's overdraft. I'll explain why I say that.

HSBC Bank has explained that it relied in part on information that Mr M provided at the time of each application to assess affordability. They explained they also reviewed the account and concluded that the credit that passed through Mr M's account suggested there was affordability for the overdraft.

Mr M told us the income he had was lower than it may have seemed to HSBC Bank from the accounts. And Mr M has provided testimony that he was struggling to make ends meet. But the bank statements that Mr M has provided do not show a clear pattern that would have put HSBC Bank off agreeing to the overdraft increases. I say that because in some months Mr M had more funds coming into his account than were going out of it and

sometimes it was the other way. In any event the amount coming into Mr M's account was far from modest and he was managing his account within the agreed overdraft limits at the time of the two lending decisions to increase that credit limit. I am not persuaded that the bank statements are conclusive evidence that Mr M was in the grip of financial difficulty that should have precluded the provision of the credit HSBC Bank provided.

In saying that I have also thought that the increases to the overdraft limits were modest compared to the income coming into Mr M's account at the time of each overdraft increase. And, likewise, the amount of interest that each increase to the overdraft would have cost Mr M on a monthly basis was also quite modest.

HSBC Bank told us they carried out a credit search in Mr M's name to assess Mr M's level of debt at the time of each lending decision and to understand how he had been managing that debt. HSBC Bank told us that the credit check it conducted showed that Mr M's credit history was very clean at the time of the increases to the overdraft. I have not seen that data. But Mr M has provided a full copy of his credit file which covers that time and the information it contains seems to confirm what HSBC Bank told us they saw. It shows that Mr M's management of his existing credit showed no recent history of CCJ's, defaults or bankruptcies at the time of either overdraft increase. So, it seemed from the credit file that at the point that the lending decisions were made, Mr M was affording his existing credit.

HSBC Bank's own credit card records would have shown that Mr M had missed a payment to a credit card in December 2018. But the amount was for a modest amount only. But there appears to have been no other such issues in Mr M's credit history in the 12 months before the overdraft increases were given. And Mr M was managing his existing overdraft well and was not utilising the full amount of the overdraft at the point of either increase. So, HSBC Bank appeared to have little reason to make further enquiries into Mr M's expenditure at those times based on the information it was provided by Mr M and it procured for itself.

So, HSBC Bank were not put on notice of any reason not to agree the lending from the above. And had HSBC Bank had more information, I am not persuaded that they would have declined Mr M's requests for increases to the overdraft as unaffordable. And whilst Mr M's finances may have deteriorated after the times of these overdraft increases, I must not use hindsight in reaching my determination. I must look at the information that was, or could have been, available to HSBC Bank at the times it made its lending decisions.

So, having considered all the submissions made in this case, I'm not persuaded that, based on the information provided to HSBC Bank, or from what HSBC Bank could see of Mr M's management of other credit, anything ought to have prompted HSBC Bank to have acted differently than it did. Having considered all the submissions made in this case, I have seen insufficient evidence to think that the credit HSBC Bank provided to Mr M was unreasonable.

I know that Mr M will be disappointed with my decision, in itself and because he has invested time and energy in pursuing his complaint. Mr M will also be disappointed because he has had a separate complaint partially upheld by a colleague. Each case is considered on the specific circumstances and based on the particular merits of that individual complaint.

But I want Mr M to know that I considered all the submissions made in this case. And I want to take this opportunity to say that I have been sorry to read of the financial difficulties, and other difficulties, Mr M has told us about. But having considered all the submissions in this

case, particularly those concerning the times of the lending decisions, I have not found sufficient evidence to uphold this complaint.

My final decision

For the reasons set out, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 November 2023.

Douglas Sayers
Ombudsman