

The complaint

Mr P is unhappy that HSBC UK Bank Plc allowed him to exceed his authorised overdraft limit when he was experiencing financial difficulty and that HSBC wouldn't provide a debt consolidation loan to him.

What happened

Mr P has a HSBC current account which had a £5,000 overdraft facility. For several years, while Mr P was experiencing financial difficulty, HSBC allowed him to exceed his agreed overdraft facility, often by a significant amount. Mr C wasn't happy about this, and he also wasn't happy that HSBC had declined his application for a personal loan he'd applied for to consolidate his debts with them. So, he raised a complaint.

HSBC responded to Mr P and explained that it was at their discretion as to whether they were willing to provide a loan to an applicant customer and that in this instance they weren't willing to provide a loan to Mr P. And HSBC also didn't feel they'd acted unfairly by allowing Mr P to exceed the agreed overdraft limit on his account. Mr P wasn't satisfied with HSBC's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They didn't feel HSBC had acted unfairly by not providing a loan to Mr P. But they did feel that HSBC should have recognised from how Mr P had managed his HSBC current account that he'd been in financial difficulty for several years and so should have intervened. As such, they recommended that HSBC should reimburse all interest and charges incurred by Mr P on the account from March 2017 onwards. Mr P didn't feel the view of this complaint put forwards by our investigator went fair enough, so the matter was escalated to an ombudsman for 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.

I issued a provisional decision on this complaint on 24 July 2023 as follows:

Our investigator felt that it should have been apparent to HSBC from Mr P's current account statements that Mr P had been in financial difficulty for several years and that HSBC should reasonably have acted to offer financial assistance to Mr P in recognition of this.

However, having reviewed Mr P's current account statements from March 2017 onwards, I don't agree with our investigators assessment here. And this is because I don't feel that the spending that took place on the account should reasonably be considered as being potentially indicative of a person in financial difficulty.

The reason I say this is because there's a significant amount of leisure spending on the account from March 2017 to recent times. And I don't feel that such an amount of leisure spending is consistent with someone in financial difficulty.

Additionally, I don't feel that it's unreasonable for a bank such as HSBC to allow an account holder to exceed their agreed overdraft limit and go into an unauthorised overdraft. And I note that information about what interest and charges apply to unauthorised overdrafts was readily available to Mr P on HSBC's website and would have been apparent to him from the interest and charges he was incurring on the account as per his monthly statements.

Indeed, I feel that it was for Mr P, as the account holder, to have managed his leisure spending such that he didn't exceed his agreed overdraft limit. And I don't feel it would be fair to instruct HSBC to reimburse the interest and charges that Mr P incurred because he exceeded his agreed overdraft limit, given the large amount of leisure spending that Mr P's account statements demonstrate.

Furthermore, while I can appreciate how Mr P would be unhappy that HSBC weren't willing to provide a personal loan to him, I'm satisfied that it's a commercial decision which HSBC are entitled to make as to whether they're willing to offer a loan to an applicant customer or not. And, given how Mr P had managed his current account and had frequently exceeded his agreed overdraft limit, I don't feel that HSBC's decision to not provide a loan to Mr P was unreasonable or unfair.

I realise this won't be the outcome Mr P was wanting here, but it follows from all that above that I don't feel that HSBC have acted unfairly in how they've allowed Mr P to exceed his authorised overdraft limit or by declining his application for a personal loan. And it follows from this that my provisional decision here is that I won't be upholding this complaint or instructing HSBC to take any action. This includes that I won't be requiring HSBC to pay the interest and charges from March 2017 onwards, or pay £100 compensation to Mr P, as previously recommended by our investigator.

In my provisional decision letter, I gave both Mr P and HSBC the opportunity to respond and to provide any comments or new information they might wish me to consider before I moved to a final decision. However, neither Mr P nor HSBC responded to my provisional decision.

In the absence of any response from party, I see no reason not to issue a final decision here in confirmation of my provisional decision whereby I do not uphold this complaint. And I therefore confirm that my final decision is that I do not uphold this complaint accordingly.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 September 2023.

Paul Cooper
Ombudsman