

The complaint

Mr L complains that HSBC UK Bank Plc reduced his overdraft limit.

What happened

Mr L says HSBC unfairly reduced his overdraft limit in December 2022 without explanation or discussion. He says he was misled by HSBC when he called it about the decision and says he was incorrectly told he could reapply for it. Mr L says he may need the overdraft facility in the future and would like compensation as well as the limit reinstated.

HSBC says it wrote to Mr L in December 2022 telling him his overdraft limit would reduce from £3,000 to £1,800 in January 2023. It says it's entitled to make such decisions in line with account terms and conditions and says it had previously written to Mr L about his overdraft usage. HSBC accepts it didn't call Mr L back as agreed and has paid him £25 compensation for that part of the complaint.

Mr L brought his complaint to us, and our investigator didn't uphold the complaint. The investigator thought HSBC acted in line with account terms and conditions and that an overdraft was repayable on demand. The investigator didn't think HSBC misled Mr L during the December 2022 telephone call.

Mr L doesn't accept that view and maintains the call clearly provides evidence he was misled.

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 have come to the overall view that I don't uphold this complaint. I appreciate Mr L will be disappointed by my decision.

I have looked carefully at Mr L's account terms and conditions which I think he would have agreed to when the account was first opened. Those terms and conditions make clear that an overdraft is repayable on demand. It follows that HSBC is entitled when exercising its commercial judgement to decide what the overdraft level is and to ask for it to be repaid in full at any time. The terms and conditions also make clear that an overdraft is intended for short-term borrowing and that HSBC will review the amount regularly.

I'm satisfied that is what took place here, that from 2021 HSBC sent a number of letters to Mr L about his overdraft usage asking him to reduce his reliance on it. And in December 2022 told him it was reducing the overdraft amount. I'm also satisfied that HSBC was entitled to make such a decision and acted in line with agreed account terms and conditions. I don't think HSBC acted unfairly by making that decision and don't think Mr L has an automatic right to a £3,000 overdraft which of course if used would be HSBC's money being spent.

I appreciate Mr L says he was misled during the phone call between him and HSBC in

December 2022. I have listened to the call, and I have to disagree with Mr L for the reasons I will explain. I'm satisfied that Mr L told HSBC that he didn't use a large proportion of the overdraft in any event, and it was clearly explained to him that the decision could not be changed by the advisor, but the concern would be passed to the relevant team.

I also appreciate Mr L was told "hopefully ... positive response". But I can't see Mr L was told that the decision would be overturned and there was "no guarantee". I accept it would have been more appropriate to have told Mr L the decision had already been made on that call, but the outcome is exactly the same, that the overdraft would not be increasing. I'm satisfied there was no guarantee the overdraft limit would be increased, and the use of the term "hopefully" confirms that. In any event I have made clear it's up to HSBC to determine if an overdraft is approved and what its level is.

Overall, I'm satisfied HSBC acted in line with agreed account terms and conditions and is entitled to reduce an overdraft limit. I'm satisfied it gave Mr L appropriate notice of the change and had on other occasions told him about concerns about the overdraft use. I accept HSBC ought to have called Mr L back but am satisfied the £25 compensation is fair and reasonable for what I think was a mistake that doesn't justify further compensation or that had any real impact.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 29 August 2023.

David Singh
Ombudsman