

HSBC Consumer Protections

Customer FAQs



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Your HSBC home loan is expected to transfer to Pepper Money in the first half of 2027, subject to regulatory approval. We'd like to share important information about the ongoing servicing and support related to your home loan and step you through the customer protections available to you now and post transfer.

In the Frequently Asked Questions below, we've outlined key regulations and consumer protections that will continue to apply when Pepper Money services your loan. You can also find information on any changes to protections such as Financial Claims Scheme (FCS) coverage and the relevant industry codes.

INFORMATION YOU WILL FIND IN THIS DOCUMENT

Click on each of the below to be taken to the relevant information within the document.

1. [Difference between a bank and non-bank lenders](#)
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Frequently asked questions



1. What’s the difference between a bank and a non-bank lender?

Banks accept deposits and provide loans. This means a bank can take and hold customers’ money in accounts such as transaction accounts, savings accounts or term deposits (for example, where you might keep your pay or savings). Non-bank lenders provide loans, but don’t offer these types of deposit accounts to hold customer funds.

Banks, as authorised deposit taking institutions (ADIs), are regulated by the Australian Prudential Regulation Authority (APRA). Non-bank lenders are not regulated by APRA.

Banks and non-bank lenders are regulated for their lending conduct by the Australian Securities and Investments Commission (ASIC) and both must follow consumer protection and responsible lending laws, including hardship obligations, that protect you as a borrower.

Protections offered by HSBC and Pepper Money are broadly similar. Both are Australian Credit Licensees and both provide consumer loans regulated by the National Credit Code (NCC). Both are overseen by regulators including ASIC, Office of the Australian Information Commissioner (OAIC) and Australian Transaction Reports and Analysis Centre (AUSTRAC). One key difference is that HSBC is APRA supervised as an Authorised Deposit-taking Institution (ADI), while Pepper Money isn’t APRA supervised because it isn’t an ADI and doesn’t accept deposits.

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2. Is my home loan still regulated and protected?

Yes. Both HSBC and Pepper Money are licensed credit providers, regulated under the National Credit Code and overseen by ASIC. So, the protections stay broadly the same.

Here’s a comparison between HSBC and Pepper Money as the loan servicer.

What applies	With HSBC	After transfer to Pepper Money
Australian credit licence	HSBC is a licensed credit provider	Pepper Money is also a licensed credit provider
National Credit Code and other consumer credit laws	Apply. Your home loan is regulated under these laws	Apply. Your home loan is also regulated under these laws
Oversight by ASIC	HSBC is overseen by ASIC	Pepper Money is also overseen by ASIC
Independent external dispute resolution	Available through the Australian Financial Complaints Authority (AFCA)	Continues to be available through AFCA

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3. Does the Australian Government’s Financial Claims Scheme (FCS), which protects bank offset, transactions and savings accounts, also protect offset sub-accounts?

The FCS difference explained

The Australian Government’s FCS protects deposits held with banks, credit unions and building societies as these are Authorised Deposit-taking Institutions (ADIs). As Pepper Money is not an ADI, the FCS doesn’t apply.



Changes to deposits

One difference between HSBC and Pepper Money is how deposits are protected.

What applies to deposits	With HSBC	After transfer to Pepper Money
Supervision as an ADI	Yes. HSBC is a bank supervised by the Australian Prudential Regulation Authority (APRA) as an Authorised Deposit-taking Institution (ADI)	No. Pepper Money is a non-bank lender and doesn't take deposits
Financial Claims Scheme (FCS)	Applies to eligible deposits held with HSBC, subject to the scheme's rules	No. Pepper Money isn't a bank and doesn't take deposits. Your home loan continues to be protected by Australian consumer credit laws

If you hold funds in an offset account

What applies to offset accounts	With HSBC	After transfer to Pepper Money
Home loan accounts with funds in offset accounts or offset sub-accounts	If the bank were to fail, the FCS would apply to the funds in your offset account. This protection covers up to a maximum of AUD250,000 across all of your accounts held with that bank.	If a non-bank lender were to fail, any money you hold in the offset sub-account would reduce (be set off against) your home loan balance. Home loan accounts, including the offset sub-account, aren't designed to hold funds above the amount outstanding on your home loan, so there are no additional funds that need protection.

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4. Do I have access to independent dispute resolution?

Yes. Customers continue to have access to internal complaints processes. Pepper Money is also a member of the Australian Financial Complaints Authority (AFCA), a free, independent external dispute resolution scheme.

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5. Can I still apply for hardship assistance if I experience trouble making repayments on my loan?

Yes. If you're experiencing challenges with making repayments on your loan, financial assistance options will continue to be available after your loan transfers to Pepper Money, in line with Australian consumer credit laws.

Any financial hardship and other payment arrangements in place with HSBC will continue to be honoured after transfer.

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6. What happens to money in my HSBC offset account?

If you choose, you can transfer money into an offset sub-account with Pepper Money. This is completely up to you and will only happen with your consent. This offset sub-account is structured as a split account within the loan. It's not a separate deposit account, so it's not designed to hold funds above the amount outstanding on your home loan. The money in your offset sub-account reduces the portion of your loan balance that interest is charged on.

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7. How am I protected with a non-bank lender?

Many important protections continue whether your loan is serviced by a bank or a non-bank lender. These include Australian consumer credit laws, access to financial hardship assistance, privacy requirements, complaints handling and access to the Australian Financial Complaints Authority (AFCA).

The regulatory Codes explained

HSBC subscribes to the Banking Code of Practice (BCOP), which applies to subscribing banks and other ADIs and is overseen by the Banking Code Compliance Committee (BCCC). BCOP sets standards for how banks provide services, including clear communication, fair customer treatment, and support. In many circumstances, commitments in the Banking Code may be contractually enforceable.

When your loan moves to Pepper Money, you will receive similar protections under the Australian Finance Industry Association (AFIA) Finance Industry Code of Practice, which applies to subscribing finance providers, including many non bank lenders. It includes commitments to integrity, transparency and fairness, and safeguards such as clear communications, scam and cybersecurity protections, and support for hardship and vulnerability. The AFIA code is a new industry code (released 22 September 2025; fully effective from 1 October 2026) and is not approved by ASIC and may not be contractually enforceable. It is monitored by an independent AFIA Finance Industry Code Compliance Committee (CCC).

While there are some differences in the Codes, both set standards for how banks and non-banks provide services, including clear communication, fair customer treatment and support.

The table below summarises what these protections mean for you in practice and outlines other protections available.

What is protected	With HSBC	After transfer to Pepper Money
What to do if you're experiencing hardship	If you're experiencing financial difficulty, you can access hardship assistance in line with Australian consumer credit laws and the Banking Code of Practice.	You'll continue to have access to hardship assistance after the transfer, in line with Australian consumer credit laws and the AFIA Finance Industry Code of Practice. Furthermore, Pepper Money will continue to honour any existing arrangements you have with HSBC.
If you need to make a complaint	You can raise a complaint with us at HSBC. After your loan transfers to Pepper Money, you should raise any complaint about your loan with Pepper Money.	You can raise a complaint with Pepper Money once your loan transfers.
Loan information and fair customer treatment	Consumer credit laws and the Banking Code of Practice set standards for clear communication and fair customer treatment.	The same consumer credit laws continue, together with the AFIA Finance Industry Code of Practice.

What is protected	With HSBC	After transfer to Pepper Money
How to deal with unauthorised transactions, mistaken payments, scams and fraud	If something goes wrong with an electronic payment, HSBC is a subscriber to the ePayments Code, which sets out how these issues are resolved.	Pepper Money isn't an ePayments Code subscriber. While not identical to the ePayments code, you'll still have protections under Pepper Money's terms and conditions, including a formal process to investigate and resolve issues (including for unauthorized and mistaken payments). Visa chargeback may also be available.
Continued protection of your personal information	Your personal information is protected under the Privacy Act.	Your personal information will continue to be protected under the Privacy Act and will be handled in line with Pepper Money's privacy policy once the transfer takes effect.

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About the different industry codes

HSBC follows the Banking Code of Practice. Once your loan transfers, Pepper Money's equivalent is the AFIA Finance Industry Code of Practice. Both provide similar standards for treatment, clear communications and support.

One difference is that the Banking Code has been formally approved by ASIC, while the AFIA Finance Industry Code is not. Both are independently monitored and provide you with similar protections. We explain these below:

Industry code	Banking Code of Practice (HSBC)	Finance Industry Code of Practice (Pepper Money)
Who monitors it	Independently monitored by the Banking Code Compliance Committee (BCCC).	Independently monitored by the Australian Finance Industry Association (AFIA) Code Compliance Committee.
What it covers	Sets standards for how banks provide services, including clear communication, fair treatment and support.	Includes commitments to integrity, transparency and fairness, and safeguards such as clear communications, scam and cybersecurity protections, and support for hardship or vulnerability.
Approved by ASIC	Yes. The Banking Code has been formally approved by ASIC.	No. The AFIA Finance Industry Code hasn't been formally approved by ASIC.
How it's enforced	The customer protections under the Banking Code are legally binding on HSBC. HSBC has also affirmed its commitment to these protections through the terms of its customer contracts.	While the AFIA Finance Industry Code isn't contractually enforceable in the same way as the Banking Code, its protections are consistent with Pepper Money's customer contracts. Pepper Money is an approved AFIA Finance Industry Code member and has affirmed its commitment to the Code.

The regulators explained:

Australian Prudential Regulation Authority (APRA): APRA is an independent statutory authority that regulates Australian financial services industry, such as authorised deposit-taking institutions, general, life and private health insurers, reinsurers, friendly societies and most of the superannuation industry.

Australian Securities and Investments Commission (ASIC): Australia's primary financial services and consumer credit regulator. Its role includes regulating banks and non-bank lenders, administering the consumer credit regulatory framework, supervising responsible lending and other credit obligations, and taking action where financial institutions fail to meet their legal obligations.

Australian Transaction Reports and Analysis Centre (AUSTRAC): Australia's financial intelligence and anti-money laundering regulator. Its role is to oversee compliance with anti-money laundering and counter-terrorism financing laws, including requirements for financial institutions to identify and verify customers and monitor and report certain transactions.

Australian Financial Complaints Authority (AFCA): Its main role is to provide consumers with free, fair and independent resolution of complaints about financial firms, including banks and non-bank lenders. AFCA can make decisions that are binding on financial firms.

Office of the Australian Information Commissioner (OAIC): The Australian regulator responsible for privacy and information rights. Its role includes overseeing compliance with the Privacy Act and Australian Privacy Principles, including how financial institutions collect, use, store and disclose customers' personal information.

Australian Finance Industry Association (AFIA): The AFIA is an industry association representing organisations across Australia's finance sector, including non-bank lenders. It develops industry codes that establish standards of conduct and customer protections alongside minimum legal requirements. Compliance with the AFIA Finance Industry Code of Practice is independently monitored by the AFIA Finance Industry Code Compliance Committee (CCC).

Banking Code Compliance Committee (BCCC) Banking Code of Practice (BCOP): BCCC monitors adherence to the BCOP and sets standard for how subscribing banks provide and manage banking services, including clear communication, fair treatment, and support if you're experiencing financial difficulty. BCOP may be contractually enforceable.

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