

## **The complaint**

Mr B complains that HSBC UK Bank Plc provided him poor service regarding a cheque payment.

Mr B is represented by his mother in bringing this complaint. But for ease of reading, I'll refer to any submission and comments she has made as being made by Mr B himself.

## **What happened**

Mr B received a gift in March 2021. The money was paid into his HSBC account. Mr B wrote a cheque out for over £60,000 to redeem his mortgage with a third party bank which he sent to them on 31 March 2021.

After the Easter weekend, Mr B says that the money debited his HSBC account on 7 April 2021, so Mr B was under the impression he had successfully redeemed his mortgage. Mr B says that HSBC attempted to ring him on 7 April and spoke to his parents, but HSBC wouldn't confirm why they were ringing as they wanted to speak to Mr B. They then tried to ring Mr B's mobile, but as Mr B was working, HSBC left a message for him to return the call, which he did. Mr B says that when he returned the call there was a message saying there was no further action required.

Mr B says that he checked his account the following day, only to see that the funds had been returned to his account. He rang HSBC, who informed him that the cheque had been stopped due to the amount and they needed him to either visit a branch to authorise a payment or re-present the cheque again which would take a further three days to clear. Mr B chose the second option.

Mr B says the funds debited his account on 13 April, but he received a text from the third party bank to say there had been a problem with the funds that had been sent. Mr B finally received confirmation on 14 May 2021, that his mortgage had been redeemed. He says both banks blamed each other for where the funds were.

Mr B says that when he spoke to a manager at HSBC, they told him they could trace the cheque and the manager would ring him the following day to give him an update – but he didn't.

As Mr B was unable to deal with this during his working hours, he asked HSBC if his parents could have authority to act on his behalf. Mr B says he was told in order for this to happen he needed to get a Power of Attorney (POA), which Mr B paid £82 online for this.

Mr B's parents visited a HSBC branch on 5 May 2021 with a third party mandate and identification documents. Mr B says the staff member was able to locate the missing funds and they were in a HSBC holding account. The funds were located in 15 minutes, despite other colleagues previously not being able to locate the funds. The staff member suggested to Mr B that he visited the branch the following day to send the funds electronically and HSBC would waive their normal fee as this was their error, as they confirmed they had the funds all along – but this could only be done after the funds were transferred from HSBC's

holding account to his current account.

As the funds hadn't been transferred over the next few days, Mr B's parents again returned to the branch to try and find out where the money was. The staff member explained to Mr B's parents that she had emailed the relevant department on 5 May, but she hadn't had a reply yet. Mr B's parents left the branch after the staff member confirmed to them that she'd had a response and the funds would be back in Mr B's account within 48 hours.

As the funds weren't in his account within 48 hours, Mr B's parents returned to the branch. While they were waiting to be seen, Mr B received a call from HSBC, explaining that the money had been with the third party bank when the cheque had been re-presented on 9 April, and they could see on 30 April that the funds were with the third party banks mortgage services account.

Mr B made a complaint to HSBC. He said the trace should have been requested much earlier than it was, as it was only requested on 10 May 2021, which was roughly six weeks after his mortgage should have been redeemed. On 13 May, Mr B received a call from HSBC to confirm the sort code and account number his funds were credited to on 30 April 2021.

HSBC upheld Mr B's complaint. They initially credited Mr B's account with £100 as a goodwill gesture. They then credited Mr B's account with £150, as they said he did not need to pay to get a POA as Mr B could have just completed a third party mandate to allow his parents to act on his behalf. Mr B brought his complaint to our service.

Our investigator thought the compensation that had been paid was fair for the circumstances. Mr B asked for an Ombudsman to review his complaint. He made a number of points, but in summary, he said that HSBC were responsible for the situation lasting as long as it did as when the third party bank said that HSBC had stopped the cheque again on 13 April, then they should have made every effort to find his money and if they had done so, this would have been solved immediately instead of him enduring weeks of stress and worry about the missing funds.

Mr B said that as he had written to the Chief Executive Officer (CEO), then he would have expected the CEO to give him a personal reply and he wants the CEO to write to him personally. Mr B said his complaint shouldn't have been closed down without it being resolved and that they had inconvenienced himself and his parents by giving them misinformation.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*At the outset I'd like to emphasise that this service is not the regulator. Nor do we act as the enforcer for the regulator. The regulator is the Financial Conduct Authority. Our service acts as an informal dispute resolution service for complaints about financial businesses. We look at the circumstances of individual complaints and, on a case by case basis, taking into account relevant industry guidance for example, make findings about whether a financial business has failed its customer in any way.*

*Where we find it has, we make awards designed to make the business put things right with the complainant customer. Our awards are not designed to punish a business or to make it change the way it acts in order to protect other customers in the future. That is the role of the*

regulator.

*I want to be clear that I can only consider the actions here of HSBC and not the actions of the third party bank. This is because this complaint is about HSBC only.*

*Mr B has made a number of points to this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.*

*I need to explain to Mr B that complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how HSBC have investigated his complaint, such as who responds to his email when he writes to the CEO and how they decide to close a complaint down doesn't come under my powers to consider.*

*I also must explain to Mr B that I can only consider the impact HSBC actions have had on him personally and not his parents. This is because our rules only allow us to consider awards for eligible complainants. Representatives aren't eligible complainants – and so we can't award for any impact experienced by them personally.*

*I've considered, on the balance of probabilities what happened to Mr B's funds after the cheque was re-presented on 9 April. I know Mr B has had conflicting information, so I'd like to explain to him what I'm persuaded happened.*

*It does appear that the cheque had only been stopped once by HSBC. I say this as Mr B is aware that due to the amount of the cheque, there was security concerns originally which led to the cheque needing to be re-presented. While the third party have said that HSBC stopped the cheque again, I asked HSBC how many times they stopped the cheque. They told me they couldn't see any evidence they stopped the cheque again after 7 April. They also told me that when they couldn't get in contact with Mr B on 7 April this stopped the cheque from being paid, and a form was added to his customer profile. When this form was worked by HSBC on 9 April, HSBC say the funds had already debited his account. So I am persuaded it's unlikely they stopped the cheque after this point.*

*I've then thought about why HSBC staff said the funds were in their holding account and then later said that the third party had the funds from 9 April. This confliction of information caused a lot of confusion and Mr B emailed the third party based on the conflicting information, which would have inconvenienced him.*

*So I asked HSBC about this. HSBC have explained to me that the holding account has restrictions placed on it so not all staff have full access to this account for security reasons. They explained that branch staff would be able to see credits into the holding account but not debits. This would explain why Mr B was told that his funds were in the holding account, when the funds were with the third party.*

*I've also seen messages between the two banks. I'm persuaded this is further evidence that HSBC did not have the funds after 9 April. I say this because HSBC sent the third party bank a message on 8 April which said "cheque was unpaid in error, customer would like the cheque to be paid....are you able to accept credit". On 8 April, the third party bank responds "please send funds, thanks". On 9 April, HSBC then send the third party bank a message saying that they were performing an action to settle the payment and close it from their end, I can see that their message submission was accepted.*

*So it does appear that on 9 April HSBC submitted the funds and this was accepted by the third party bank. If the third party bank had not received the funds from HSBC it would have been reasonable for them to message HSBC back within a reasonable timeframe to ask*

*where were the funds they said they would send. But this didn't happen at all, so I'm persuaded that HSBC had sent the third party bank the funds and the third party bank, on the balance of the evidence here, received them.*

*The next messages were on 10 May when HSBC messaged the third party bank to inform them that they had previously sent the payment for the cheque and the funds were in a miscellaneous account. The third party bank then confirms that on 13 May that the funds were credited to Mr B's mortgage account.*

*So although I'm not persuaded the funds were with HSBC after the cheque had been re-presented, I am persuaded that they could've acted earlier with the information Mr B gave them, which may have resulted in finding out where the missing funds were sooner. I say this as a trace was not put on the cheque at the earliest opportunity. In addition, incorrect and conflicting information wasted time, such as staff telling Mr B that his funds were in the holding account and to wait for 48 hours for it to be returned to him, only to not receive the funds then – as in all likelihood the funds weren't in the holding account at the time he was told. And while staff may not have had access to see the funds leaving this account, Mr B was still inconvenienced by what they told him.*

*HSBC have let Mr B down on several occasions since he wrote the cheque to redeem his mortgage. I say this as they had told him incorrect information, conflicting information, not acted upon requests as soon as they could have done and cost Mr B money with information they gave him. HSBC have taken Mr B's word that he was told the only way his parents could act on his behalf was with a POA. I'm satisfied that Mr B was told this, otherwise I see little reason why he would pay for this around the same time he wanted his parents to act on his behalf as he was at work and it would be more convenient for his parents to act on his behalf. So what I would expect HSBC to do is to give Mr B an apology and pay him suitable compensation.*

*I've considered whether the compensation paid is fair. HSBC paid Mr B £100 compensation as a gesture of goodwill when he originally made them aware of the problem. This was paid before the situation was resolved so it couldn't have taken into account the issues Mr B encountered after this payment. Then Mr B was paid a further £150. This included the £82 cost of the POA and the remainder of the £150 was for the wrong information about the POA and the other errors. So £68 of this would be to take into consideration the further conflicting information, delays and wrong information about him needing a POA for his parents to act on his behalf.*

*Compensation is a discretionary remedy that we sometimes award if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event. When we recommend compensation, it is often modest and within our established guidelines. As previously mentioned, I can't consider the impact of the actions of HSBC had on Mr B's parents, although I can assure Mr B, I've read everything he's said about the impact this had on them.*

*I'm persuaded that an extra £100 compensation would be reasonable, bring the total compensation to £350. I'm persuaded this is fair as I'm satisfied the money wasn't sitting with HSBC's account once the cheque had been re-presented for the reasons I've already given. But HSBC's actions still will have inconvenienced Mr B and distressed him, especially as he couldn't get accurate assistance in locating the large amount of money which he sent to the third party bank. I'm satisfied that a total compensation of £350 will reflect the impact the issues had on Mr B.*

*I've then thought about what Mr B has said about wanting the CEO of HSBC to personally*

*write to him. While I can understand why Mr B wants this to happen, I'm not persuaded this is reasonable here and I'll explain why.*

*As our investigator explained to Mr B, our role is to try and put him in the position he would have been in had HSBC not made any errors, or as close to it as possible. But the CEO wouldn't have responded personally to his complaint at any stage, so I'm not persuaded it would be necessary for him to do so now, even if Mr B did write personally to the CEO.*

*I know this will strongly disappoint Mr B, but as HSBC have issued apologies already, I see little benefit in instructing HSBC to issue yet another written apology to Mr B, from someone who has had no involvement at all in the complaint. I am satisfied that HSBC accepts they let Mr B down on a number of occasions and they've said they have provided feedback to the people involved to try and prevent this from happening again. And as I've already explained, complaint handling by a business isn't a regulated activity and as such, I'm unable to say who should respond to HSBC complaints specifically.*

*In summary, HSBC have let Mr B down on a number of occasions detailed above. So it follows I intend to ask HSBC to put things right for Mr B by paying him an extra £100 compensation, to take the total compensation to £350."*

I invited both parties to let me have any further submissions before I reached a final decision. Both parties accepted the provisional decision and both parties had no further information for me to consider.

### **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.

As neither party have provided me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision.

### **Putting things right**

In my provisional decision I said I intend to ask HSBC UK Bank Plc to pay Mr B an extra £100 compensation for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

### **My final decision**

I uphold the complaint in part. HSBC UK Bank Plc should pay Mr B an extra £100 compensation for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 July 2022.

Gregory Sloanes  
**Ombudsman**