

The complaint

Mr H and Mrs H are unhappy with HSBC UK Bank Plc, trading as first direct, regarding issues surrounding cheques that were submitted for deposit.

What happened

Mr H and Mrs H paid in two cheques via HSBC's mobile banking app. However, the cheques were both returned unpaid by the issuing bank with the given reason being that the cheques had been altered in some way and the alteration hadn't been signed in approval by Mr H and Mrs H. HSBC contacted Mr H and Mrs H and explained what had happened, and Mr H and Mrs H then attempted to pay in the cheques at a HSBC branch. But again, the cheques were returned unpaid by the issuing bank with the same rejection reason given.

Mr H and Mrs H complained to HSBC as they couldn't see any alteration on the cheques and therefore no reason why the cheques should be rejected by the issuing bank. HSBC agreed with Mr H and Mrs H that there didn't appear to be any alterations on the cheque but felt that they had administered the paying-in of the cheques correctly such that the issues that Mr H and Mrs H were encountering weren't the result of any HSBC error. Mr H and Mrs H weren't satisfied with HSBC's response, so they referred their complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that HSBC were likely responsible for the cheques not being accepted by the issuing bank. And they didn't feel that HSBC had acted unfairly in how they'd managed the situation. Mr H and Mrs H remained dissatisfied, 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.

Having done so, I'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also note that Mr H and Mrs H have provided several detailed submissions to this service regarding their complaint. I'd like to thank Mr H and Mrs H for these submissions, and I hope they doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr H and Mrs H note I haven't addressed a specific point they've raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr H and Mrs H and HSBC. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address

it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Having considered this complaint, I feel that the key question that unfortunately remains unanswered here is 'why did the issuing bank feel that the cheques had been altered'? Or more specifically, 'what was the alteration that the issuing bank required Mr H and Mrs H's signature to authorise?'.

Unfortunately, only the issuing bank can answer these questions. But this isn't a complaint against the issuing bank. It's a complaint against HSBC. And so, my remit is limited to considering the actions of HSBC.

HSBC don't feel that they've done anything wrong here. They say they've processed the cheques correctly and note that the actions of the issuing bank aren't within their control. And HSBC also note that when they were notified by the issuing bank that the cheques weren't accepted for the reason given, that they contacted Mr H and Mrs H and relayed the information they'd received from the issuing bank to them and asked them contact the issuer of the cheque (which in this instance was an overseas Government) and ask them to issue replacement cheques of pay the money to Mr H and Mrs H in another way.

HSBC's actions as described above seem reasonable to me. And while I acknowledge that Mr H and Mrs H would like HSBC to have contacted the issuing bank and asked them to explain exactly how they thought the cheques had been altered, I don't feel that this was something that HSBC should reasonably have been expected to have done.

I take this position because HSBC's role is that of a receiving bank in this instance. And from the information presented to me, I feel that HSBC fulfilled their responsibilities and obligations as a receiving bank fairly: HSBC received the cheques from Mr H and Mrs H and submitted them to the issuing bank with a request for payment. And when the cheques were rejected by the issuing bank, HSBC notified Mr H and Mrs H about this and explained that replacement cheques or an alternative payment method would be required.

The issuing bank rejected the cheques because they weren't satisfied with the cheques that been submitted. And I feel it stands to reason that if Mr H and Mrs H wanted to better understand why the issuing bank weren't happy with the cheques that had been submitted, that it was for them to have attempted to contact the issuing bank and requested this information – albeit with no guarantee of success. With the fair and reasonable alternative being that Mr H and Mrs H could have requested replacement cheques or asked that the money be paid to them in a different manner – as HSBC explained to Mr H and Mrs H.

Mr H and Mrs H also feel that HSBC altered the cheques in some way before sending them to the issuing bank. And Mr H and Mrs H feel that this was most likely because of HSBC marked the cheques with their own name and address. But while copies of the cheques with HSBC's name and address have been presented to this service, copies of the cheques without HSBC's name and address have also been provided. And HSBC explain the reason Mr H and Mrs H received copies of the cheques with HSBC's name and address on it is because the cheques were printed onto HSBC letterheaded paper before being scanned and sent to Mr H and Mrs H.

HSBC's explanation seems reasonable to me. And I don't feel that it can fairly be said that its more likely than not that the issuing bank rejected the cheques because HSBC added their name and address to the cheques as Mr H and Mrs H contend. This is because it hasn't been confirmed that HSBC sent the cheques to the issuing bank with their name and address added – which HSBC feel won't have been the case. And even if it were the case that HSBC sent the cheques with their name and address added, it hasn't been confirmed by the issuing bank that this was the reason they rejected the cheques.

Ultimately, the lack of a confirmed understanding of exactly why the issuing bank rejected the cheques means that I won't be upholding this complaint against HSBC as Mr H and Mrs H would like. This is because I don't feel that there's any compelling evidence to suggest that HSBC have likely made any form of error or mistake here. But it's also because, in the absence of knowing exactly why the issuing bank considered the cheques to have been amended, I feel the possibility remains that the issuing bank may have made some form of mistake here – for which HSBC obviously shouldn't be held accountable.

I realise this will be frustrating for Mr H and Mrs H and I agree that it's unfortunate that they've been unable to get clarification from the issuing bank as to exactly why the cheques were rejected by them. But it doesn't follow from this misfortune and frustration that HSBC have done anything wrong. And on balance, in consideration of all the information and evidence available to me, I don't feel that it can reasonably be said that HSBC have most likely acted unfairly here.

Finally, it's my understanding that Mr H and Mrs H are unhappy with information given to them by HSBC within HSBC's response to their complaint. Specifically, Mr H and Mrs H are unhappy that HSBC indicated that Mr H and Mrs H should contact the issuing bank directly to better understand why the cheques had been rejected.

But the remit of this service doesn't allow us to consider complaints about how a business has handled a complaint. And this is the case even when that complaint is about a regulated financial activity, as is the case here. Additionally, in the context of what I've written above, I will note informally that I don't feel that HSBC referring Mr H and Mrs H to the issuing bank was unreasonable, especially given the information provided to Mr H and Mrs H in earlier letters, such as the cheque rejection letters, which I feel had already fairly fulfilled HSBC's obligations here.

All of which means that my final decision here is that I do not uphold this complaint. I realise this won't be the outcome Mr H and Mrs H were wanting, but I hope they'll understand, given what I've explained, why I've made the final decision that I have.

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 H and Mrs H to accept or reject my decision before 19 February 2024.

Paul Cooper
Ombudsman