

The complaint

Mr B complains that HSBC Bank Plc wrongly recalled funds which he sent to his brother. The funds have not been returned to him or applied to his brother's account.

What happened

Mr B held a current account with HSBC, as well as two loan accounts.

On 1 and 2 June 2023 payments totalling £35,800 were credited to Mr B's current account. In addition, a cash deposit of £6,500 was made.

On 2 June 2023 Mr B transferred £10,000 to his brother's account with a different bank (not HSBC). Shortly afterwards, Mr B says that nearly £6,000 was taken from his brother's account and returned to HSBC. That money has not been re-credited to his account.

In July 2023 HSBC placed a block on Mr B's current account. In September 2023 the bank gave Mr B notice that it was closing his current account. It also demanded repayment of the two loans he had taken out, saying that it was entitled to do so where it had reasonable suspicion of fraud or criminal activity.

HSBC later explained that Mr B's account been blocked because it had received a claim from another bank that his account had received funds as a result of fraudulent instruction. The other bank had investigated and reached that conclusion, and HSBC had been obliged to return the funds.

When Mr B complained about what had happened, HSBC acknowledged that it had not communicated as clearly as it could have done and offered Mr B £75 by way of compensation – which it later increased to £150. Mr B did not accept either offer.

Mr B's complaint was considered by one of our investigators, who, in a preliminary assessment, concluded that HSBC had acted fairly and that its settlement offer was fair in the circumstances. Mr B did not accept that assessment and asked that an ombudsman review the case.

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, however, I have reached the same overall conclusions as the investigator did, and for similar reasons.

HSBC explained to Mr B that it had received a claim from another bank that fraudulent funds had been paid into his account. HSBC said the other bank had investigated that claim, and that it was therefore obliged to return the funds to their source.

I accept that what HSBC has said about this is correct. It was entitled to rely on what the other bank said about its own investigation. That is the case, whether or not Mr B knew

about the source of the funds being paid into his account. As Mr B has noted, his brother's account has been affected (because he has not received the £10,000 transferred to him), but I cannot comment further on that.

In the circumstances, I believe it was reasonable of HSBC to block Mr B's account while it carried out a review. It was reasonable too to close the account and demand repayment of the loans.

For these reasons, I think HSBC's offer of £150 is a fair one, and I simply leave it to Mr B to decide whether, on reflection, he wants to accept it.

My final decision

For these reasons, my final decision is that I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 30 July 2024.

Mike Ingram
Ombudsman