

The complaint

M, a limited company, complains about the service it received from HSBC UK Bank Plc.

M has been represented in this complaint by its director, Mr T.

What happened

Mr T bought M in January 2024. Mr T says that both he and M's previous director told HSBC about the sale of M on the day it took place. He says he was told that everything was in hand, and that he'd hear from HSBC within two weeks.

Mr T has told us that he had numerous problems getting up and running with M's account after he took over the business. He set up an account on HSBC's banking app, but was unable to access it. He phoned HSBC numerous times, and was repeatedly told to reinstall the app. He applied for a debit card on M's account, and for access to M's internet banking. HSBC declined both applications. In the end, he visited a branch and was told that the problems were because he hadn't completed some forms. But he says he hadn't been told he needed to. What's more, he discovered that M's previous owner was still able to access the account.

HSBC updated M's signing mandate on 6 February 2024. M's previous owner was finally removed as the primary user in late February 2024, around a month after Mr T took over the business.

Mr T says HSBC didn't return his calls. On one occasion he made an unnecessary long journey after he was told, in error, that a meeting with HSBC was in person, rather than online. Mr T says he made multiple visits to various branches and has spent an enormous amount of time on the phone trying to sort the problems out. He had to complete forms again and again, and was promised an overdraft that was never provided. Meanwhile, he was having to run the business without being able to view its accounts or make payments in or out of the account. In the end he opened an account elsewhere and has had no problems.

Mr T says HSBC has caused M significant inconvenience. He says work on M's affairs didn't get done while he was trying to resolve the situation with HSBC. He says M experienced problems paying suppliers and its reputation was damaged. He also says that both he and M's staff have experienced stress as a result of HSBC's actions.

HSBC accepted that it was responsible for some delays in processing M's overdraft facility request and it apologised to Mr T for the service issues experienced. It credited M's account with £500 by way of compensation. Mr T doesn't consider that to be enough.

One of our investigators considered the complaint. In summary, she didn't think that HSBC had been wrong to decline the applications submitted by Mr T before the mandate was changed. She accepted that M had been inconvenienced by delays and service failings on HSBC's part. But she thought that HSBC had already done enough to put things right.

M didn't agree, so the complaint's been passed to me.

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.

I want to acknowledge that I've summarised what happened to quite some degree. I don't intend any discourtesy by this - it just reflects the informal nature of our service. I'm required to decide matters quickly and with minimum formality. But I want to assure Mr T and HSBC that I've reviewed everything on file. If I don't comment on something specifically, it's not because I haven't considered it. It's because I've concentrated on what I consider to be the key issues. Our rules allow me to do this.

Mr T says he and M's previous owner told HSBC about the change in M's ownership on the day it took place. HSBC has no record of any such conversation, but I have no reason to doubt what Mr T says, I think it would have been helpful if HSBC had told Mr T straight away that it would need him to complete a mandate form before other changes could be made.

The mandate was amended to allow Mr T to sign for M on 6 February 2024, around a fortnight after Mr T took over the company. Applications he signed before that were rejected, as the mandate hadn't been changed to give Mr T authority to sign on the account. After that it seems that applications continued to be rejected because of the poor quality of the digital signature HSBC held for Mr T, which resulted in it not recognising his signature. HSBC also failed to make clear that at one point M had been deregistered from internet banking altogether, and that this meant that M would need to re-register for internet banking, rather than completing a further request to change the primary user. This led to more wasted time and delay. As HSBC has acknowledged, there was also a short delay in processing M's overdraft application.

I can fully understand the frustration and inconvenience the various issues with taking over M's account caused to Mr T personally, and I'm sorry to hear about them. But the complainant in this case is M, a company, which can't, itself, feel distress. And I can't award compensation for distress or inconvenience experienced personally by Mr T or other employees of M.

M hasn't provided evidence of any specific financial loss it incurred. I can, however, consider the inconvenience that M has experienced. As the investigator explained, in situations like this, our approach isn't to award compensation based on an hourly rate, but to look at the overall impact on the complainant. I acknowledge that the time spent trying to sort matters out with HSBC could otherwise have been spent on M's business. But I consider the £500 that HSBC has already paid M to be fair, and it's in line with what I'd have recommended.

Mr T has commented that he could have lost everything. But in deciding what's a fair solution to the complaint, I need to consider what actually happened, rather than what could have happened. And taking everything into account, I'm not persuaded that I can fairly require HSBC to do more to resolve M's complaint.

My final decision

My decision is that HSBC UK Bank Plc has already done enough to put things right. So I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 24 October 2024.

Juliet Collins
Ombudsman