

The complaint

A limited company, which I'll refer to as 'B', is unhappy that HSBC UK Bank Plc wouldn't transfer a payment that was made to its Bounce Back Loan ("BBL") in error to its business current account, and with the service it received from HSBC surrounding that.

B's complaint is brought to this service by its director, whom I'll refer to as 'Mr M'.

What happened

B made an insurance claim and received an initial payment from the insurer of £5,478.85. Unfortunately, Mr M mistakenly provided the insurer with B's BBL account details, rather than the details for B's business current account, and this meant that the insurer paid the £5,478.85 to B's BBL.

Mr M contacted HSBC and explained what had happened and asked them to move the £5,478.85 from B's BBL to B's business current account. HSBC explained to Mr M that they wouldn't be able to do this, and said that the insurer would need to request a return of the payment from HSBC.

Mr M forwarded this information to the insurer, who did request a return of the payment, but who were then told by HSBC that because the BBL account was active that it was Mr M who would need to arrange the movement of the money from the account. Mr M wasn't happy about this, so he raised a complaint.

HSBC responded to Mr M and explained that they were unable to reverse a payment that was paid into a BBL account from a third-party. Mr M wasn't satisfied with HSBC's response, so he forwarded B's complaint to HSBC's executive complaints team.

Following this escalation, HSBC didn't feel that they'd acted unfairly towards B but agreed to move the £5,478.85 to B's business current account. And HSBC also agreed to pay £250 to B as a gesture of goodwill. However, Mr M continued to be dissatisfied, and so he referred B's complaint to this service.

One of our investigators looked at this complaint and liaised with Mr M and HSBC about it. During this time, HSBC revised their position on this complaint and offered to pay 8% interest to B on the £5,478.85, amounting to £72.05, for the period the payment had remained in its BBL account.

Our investigator felt that the terms of the BBL confirmed that payments made in error to the loan couldn't be removed, and that HSBC's agreement to move B's money had therefore been done as an exception by HSBC that HSBC had been under no obligation to do.

Our investigator also felt that HSBC's offer to pay 8% interest on the £5,478.85 for the time it had been unavailable to B, alongside the £250 goodwill gesture HSBC had already paid, represented a fair outcome to this complaint. Mr M disagreed, and 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.

I issued a provisional decision on this complaint on 18 November 2024 as follows:

HSBC have explained that the terms of the BBL includes that it isn't possible to withdraw money paid into a BBL account by mistake. And HSBC have referenced terms from the BBL agreement that they feel supports their position in this regard.

However, I've considered the terms of the BBL agreement that HSBC have referred to, and I note that they are as follows:

"Once you have made a repayment or prepayment you cannot redraw that amount of the Loan that was repaid or prepaid. By prepayment we mean voluntary prepayment as set out below.

...

Voluntary Prepayments

You can prepay the Loan, or any part of it at any time if:

- (a) You give us at least 10 business days' written notice; and*
- (b) You also pay us all accrued interest on the amount prepaid."*

But the amount that was received into B's BBL wasn't a repayment because it wasn't one of the contractually scheduled monthly repayments. And neither was it a voluntary prepayment, because it wasn't voluntary but rather was a mistake, and because it didn't qualify as a voluntary prepayment because B hadn't given HSBC ten business days' written notice of their intention to pay it.

Accordingly, it seems to me that there was nothing in the terms of the BBL that should have prevented HSBC from acknowledging that the £5,478.85 had been paid into the account by mistake and moving that amount from B's BBL to B's business current account when Mr M first requested it.

Indeed, the fact that HSBC were later able to move the money to B's BBL confirms that it was possible to do so. And I don't accept HSBC's position that they made no error in what they told Mr M and only moved the money as an exception, for the reasons explained above.

Indeed, my opinion in this regard is only strengthened by HSBC's recent offer to pay 8% interest on the £5,478.85. This is because this service would only expect such a payment of interest at 8% when it's acknowledged that a complainant has been unfairly deprived of access to the amount of money in question.

All of which means that I do feel that HSBC have treated B unfairly here, and that Mr M, while acting as director of B, has been unreasonably inconvenienced as a result. However, I also feel that the payment of £250 that B has already received from HSBC, alongside HSBC's offer to pay 8% interest on the £5,478.85 for the time it remained in B's BBL account, does represent a fair and reasonable outcome to this complaint.

I appreciate that Mr M will likely disagree with my position here, and it's clear from Mr M's correspondence with this service that he's been frustrated and angered by what's occurred.

But it's important to note here that I can't take any of the upset and frustration that Mr M has incurred here into account.

This is because this complaint has been raised in the name of B, the limited company, which is because it's B that's the eligible complainant here, given that the complaint arises from B's accounts. And because a limited company is a legal entity which has no feelings and so can't experience upset or distress, I'm unable to award any compensation for anger or frustration to a limited company.

But a limited company can be unfairly inconvenienced. And, as explained, I'm satisfied that Mr M, while acting as a director of B, has been unfairly inconvenienced here. This includes that Mr M was given incorrect information by HSBC which caused him to ask the insurance company to try to reverse the payment when no such reversal was possible, and which then caused Mr M to have to make several further calls and correspondence to HSBC.

Accordingly, I've considered the inconvenience that Mr M, while acting as director of B, has unfairly incurred here. And I've also considered the general framework this service uses when assessing compensation amounts, details of which are on this services website.

Having done so, I'm satisfied that £250 is a fair compensation amount, and I confirm that it's commensurate with what I might have instructed HSBC to have paid to B, had they not done so already. And while I acknowledge that HSBC made the payment of £250 to B as a gesture of goodwill, this was done because HSBC didn't accept that they had acted unfairly, and I feel that if they had, the amount would have been paid to B as compensation.

If Mr M feels that B has incurred additional inconvenience, beyond that which I've noted above, because HSBC didn't transfer the £5,478.85 to B's business current account in the first instance, then I invite him to provide evidence of this as a response to this provisional decision.

However, as I understand matters presently, while I will be upholding this complaint in B's favour, I'll only be doing so to instruct HSBC to pay the £72.05 interest to B that they've already offered to pay. And this is because, as explained above, I feel that the £250 that HSBC have already paid to B provides fair compensation for the inconvenience that B has unfairly incurred.

Neither Mr M nor HSBC responded to my provisional decision. Accordingly, in the absence of any response from either party, I see no reason not to issue a final decision here whereby I uphold this complaint in B's favour on the limited basis as described in my provisional decision above.

Putting things right

HSBC must pay £72.05 to B.

My final decision

My final decision is that I uphold this complaint against HSBC UK Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 13 January 2025.

Paul Cooper
Ombudsman