

The complaint

Ms B complains that HSBC erroneously blocked her current and savings accounts for two months. She says this caused her to sustain financial losses, as well as considerable distress and inconvenience. She wants HSBC to apologise and to pay her compensation to put things right.

Ms B's savings account was in the joint names of her and her mother, Mrs S. But because the events only affected Ms B, I will only refer to Ms B in this decision.

What happened

On 12 December 2019, HSBC blocked Ms B's current and savings accounts. They did so, having received a court order requiring HSBC to block access to some of Ms B's funds. However, the court order only required HSBC to block £350,000 of the £665,000 in Ms B's savings account. And it didn't require HSBC to block Ms B's current account, which had a balance of around £8,000.

Ms B contacted the applicant of the court order and arranged for their barrister to confirm the correct position with HSBC. HSBC disagreed with the barrister's interpretation of the court order though, so the block remained.

HSBC later changed its position and acknowledged it had made a mistake when it blocked Ms B's accounts. It said it didn't have the facility to block part of an account balance, but agreed to allow Ms B to withdraw the £315,000 in her savings account that shouldn't have been blocked. And it unblocked her current account. The incorrect blocks were lifted on 4 February 2020, 54 days after they were imposed. But HSBC didn't tell Ms B it had lifted the block – she found out on 13 March 2020, when she checked her account. HSBC apologised and offered Ms B £350 in compensation.

Ms B rejected HSBC's offer. She said she had to withdraw from a house purchase because of HSBC's error, and was left homeless and had to move her and her three children in with her parents. She says it also ruined Christmas for her family as all of her funds were blocked throughout most of December. She says she incurred financial losses of around £2,300 while the block was in place, and she wanted HSBC to pay her compensation in the region of £50,000 owing to the severe distress she was put under as a result of the block.

HSBC increased its offer to £1,000, which our investigator felt was fair. He said the losses Ms B was claiming weren't caused by HSBC's mistake. And that the offer of £1,000 to compensate for distress and inconvenience was in line with what he would expect to see in circumstances like these.

Ms B rejected our investigator's findings and asked for an ombudsman to review the matter afresh.

Ms B's current account is actually in joint names, along with Mrs S. Mrs S has consented to our Service looking into this complaint. But I won't refer to her in this decision as she is an account holder in name only and had no involvement with the subject matter of this

complaint.

On 3 November 2020, I issued my provisional decision. In it, I said:

"Having reviewed Ms B's complaint, I have provisionally decided to uphold it for the following reasons.

HSBC has accepted it shouldn't have blocked Ms B's accounts in the manner it did, so all that's left for me to consider is what it should do to put things right for Ms B. While I don't consider it would be fair to ask HSBC to pay Ms B £50,000, I do think it should pay more than it has offered to. With that being said, I will first explain why I won't be asking HSBC to pay certain costs Ms B has claimed.

Ms B says the block caused her to lose:

- £250, being a non-refundable deposit on a new build property;
- £200 in wasted conveyancing fees;
- £750 in additional storage fees;
- £100 a week in petrol costs; and
- £250 in legal advice relating to the account block.

Ms B also says her mobile phone got cut off, her car lease was terminated and her children were expelled from private school, all because her account was frozen with the money she would have used to pay for those items.

Three days before HSBC froze Ms B's account, she'd committed to buy a property for circa £600,000 for cash. Because HSBC acted correctly in blocking £350,000 of Ms B's money, Ms B wouldn't have been able to complete the purchase on her own as she'd planned, even if it had not blocked the remaining funds in her account.

Ms B says that, if she had access to the £315,000 in her account that shouldn't have been blocked, she would either have borrowed the balance of the completion funds from her parents, or she would have transferred her deposit to a lower value property of around £300,000, with the same developer.

I've asked Ms B for evidence to show her parents would have been able to loan her the money and would have actually done so. And to show there was another property available at the price Ms B says, with the developer she says. But Ms B hasn't sent me any such evidence.

That being the case, I can't reasonably say Ms B would have been able to follow either of these courses of action, but for HSBC's error. So I can't reasonably say the deposit or wasted conveyancing fees were HSBC's fault, because it seems they would have been lost regardless of whether or not HSBC blocked the correct amount.

And while I understand why Ms B would seek legal advice in such a situation, I'm not persuaded doing so was necessary solely in relation to HSBC's error. Our service is a free alternative to the courts so Ms B could have come straight to us. And Ms B tells me her solicitors advised her to do just that.

However, I am persuaded that Ms B would have bought an alternative property instead of moving in with her parents, had HSBC not blocked the £315,000. Ms B has three children, all of school age, all of whom she had to transport to schools located a significant distance from her parents' house. I can imagine living with her parents would've been a last resort. Ms B moved into rented accommodation straight after she obtained her funds from HSBC,

which supports what she says about her housing choices.

Ms B says she had to rent, not buy as she was desperate to move to her own space closer to her childrens' schools and the Coronavirus pandemic was starting to take hold, which left too much uncertainty as to how long a house purchase would take to complete. She also says she has put in an offer on a house since her six-month tenancy expired.

So, while I can't reasonably say Ms B would have bought another new build home from the same developer, I am satisfied she would have bought a house elsewhere, instead of moving in with her parents, had she had access to the money HSBC incorrectly blocked. With that in mind, I've thought about the other losses Ms B claims. She says she put her furniture into storage before the house move fell through, and that she had to keep it in storage for an additional two months as a result of the block. I've looked at the evidence Mrs B has sent in to support this and I'm not satisfied it supports what she says. The invoice isn't clear as to the period the fees were charged for. It seems that they were charged for April and May 2020, which is after Ms B was able to secure rented accommodation.

That being the case, I can't say the fees were HSBC's responsibility. But if Ms B can produce evidence that shows she paid storage fees as a result of the block, I'll reconsider this point.

As to Ms B's claim she was spending an additional £100 a month on petrol, I've looked at where she was living and where she had to travel to complete the school run. As a rough estimate, it seems that she was travelling 80 to 90 miles per day. The difficulty with this part of Ms B's claim is in establishing the true financial loss. I can't say what distance she would have been travelling, had she moved closer to the schools and I can't accurately calculate the additional petrol costs. But I do think Ms B should be compensated for this element of her complaint, so I will factor this into the amount of compensation I award for trouble and upset.

Finally, Ms B also claims her car lease and mobile phone contracts were cancelled, and that her children were expelled from school because of the block. And while I have no doubt Mrs B's financial circumstances were severely impacted by the block, I have to take into account the impact of the money HSBC correctly blocked.

I've said I'm persuaded Ms B would have bought a house with the £315,000 HSBC wasn't supposed to block. And I'm satisfied that would have been Ms B's number one priority. But, based on all of the evidence I've seen, it seems more likely than not that a house purchase would have taken all of Ms B's available funds. And I haven't seen any evidence to show she would have retained enough money after the purchase to maintain all of her other expenses.

I accept Ms B may have tried to hold some funds back for such expenses. But I have to balance that against her overall financial position as a result of the money HSBC correctly blocked. Having done so, I can only reasonably conclude that Ms B would have experienced some financial difficulties regardless of whether or not HSBC made a mistake. And because I haven't seen any evidence to show how Ms B would have structured her finances, I can't reasonably make an award for the lease, phone and school fees.

I should stress the lack of available evidence isn't a criticism of Ms B: gathering evidence for a complaint would have been the last thing on her mind when all of this was happening. And it's very difficult for her to say now what she would have done, had various circumstances played out differently. And even more difficult for her to evidence that.

Trouble and upset

Beyond the pure financial loss, Ms B was also put to significant trouble and upset as a result of HSBC's error. As I've said above, she and her three children had to move in with her parents and complete a long journey every morning and afternoon for the school run. Ms B has told our Service that her son is autistic, which made the inconvenience more troublesome. And that her step-father and brother (who also moved to Ms B's parents' house at the time) both suffer from conditions that made them high-risk for the purposes of Coronavirus, the effects of which were spreading around the world during the time Ms B was denied access to her money.

I'm grateful to Ms B for talking me through her experience and explaining the impact the block had on her. And I'm minded to increase the award HSBC have made. But I'll explain why I'm increasing the award, and why I'm not asking HSBC to meet the amount Ms B asked for.

I'm minded to award Ms B £2,000 in recognition of the distress and inconvenience she experienced. That amount is at the top the bracket our Service considers to be 'substantial'. When deciding how much HSBC should pay Ms B, I've considered her living situation and the inconvenience caused by the extended school run. I've also considered the timing of the block in that it happened shortly before Christmas and in that it came at a very difficult time in Ms B's life.

But I've balanced that against the fact that Ms B still would have experienced some distress and inconvenience if HSBC had applied the block correctly. For the reasons I've mentioned above, she still would've been deprived of a significant sum of money and her situation would still have been very difficult. So while HSBC's error compounded the situation, it wasn't the sole cause of all of Ms B's troubles.

And I'm satisfied that £2,000 fairly reflects the extent of the harm attributable to HSBC's error. HSBC's actions worsened the position Ms B was in, and led to uncertainty for a number of months. So, I think a payment of £2,000 fairly represents the anxiety caused by HSBC's error.

Ms B may feel that £2,000 doesn't fairly reflect the distress and inconvenience she experienced. But my view is that £2,000 is a significant payment in accordance with our guidelines and I hope my explanation helps Ms B to understand my reasoning. I'm not seeking to down play her experience: I recognise how she felt during this time and I think £2,000 is fair compensation in these circumstances.

Interest

Finally, there's the matter of interest to address. As a result of the block, Ms B was denied access to her funds from 12 December 2019 to 13 March 2020, or 92 days. For the reasons I've set out above, I'm satisfied that she would have put those funds to use, had she had access to them. And I think it's fair that HSBC should pay interest to Ms B to compensate her for the period during which it deprived her of access to those funds.

The frozen balance in Ms B's current account was £8,091.48, and the balance in her savings account (after deducting the £350,000 HSBC was entitled to block) was £315,239.16, giving a total of £323,330.64.

8% simple interest on the total balance for 92 days is £6,520.04. HSBC has told me it can't find anything to show it told Ms B her account was re-opened on the day that happened i.e. 4 February 2020. But it has said it will refer the question to the relevant department on receipt of this provisional decision.

Based on what I've seen so far, I'm satisfied Ms B didn't know the account balances was available before 13 March 2020. But if HSBC can demonstrate that it did inform Ms B before 13 March 2020, I will consider whether it should pay interest over a shorter period of time."

I asked both parties to provide me with any further evidence or submissions. HSBC replied with evidence they suggested showed Ms B became aware the block had been lifted sooner than 13 March 2020. And it pointed out Ms B had access to a credit card with an available balance of around £3,000.

Ms B provided evidence to show she had failed to pay various bills while the block was in place. And invoices demonstrating the storage costs she'd incurred. She said she had to pay for storage because she was only able to afford a two-bed house while HSBC had held her money. Ms B's mother also contacted us to say she would have considered loaning Ms B £350,000 had HSBC only blocked the correct amount.

I asked HSBC to comment on the storage costs, but I didn't receive a reply.

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'm satisfied Ms B knew her current account was unblocked on 6 February 2020. I've listened to a call between HSBC and Ms B where Ms B said "last time I did this, you unblocked my current account". So, because Ms B knew she could withdraw her current account balance on 6 February HSBC should pay interest on the balance from 12 December 2019 to 6 February 2020. The current account balance was £8,091.48, so interest at a rate of 8% on that amount for that time period is £99.12.

However, I've still only seen evidence Ms B was aware her other account was unblocked from 13 March 2020. In the calls HSBC have sent me, Ms B firstly says "there's an ongoing issue with HSBC", by which she appears to be referring to the block. On the second call, HSBC confirm there's a block and says she needs to speak to her barrister.

The barrister HSBC are referring to was not Ms B's barrister, he was acting for a third party. So while I have seen evidence that shows HSBC told the barrister Ms B could access the remaining £315,219.16. I haven't seen any evidence that shows HSBC or the barrister told Ms B. And given Ms B's situation, my view is that she would have accessed the money sooner, had she known she could.

That being the case, HSBC must pay interest at 8% on the balance of £315,219.16 from 12 December 2019 to 13 March 2020. The total sum payable in this regard is £6,356.28, giving a total interest figure of £6,455.40.

I'm also satisfied the storage costs Ms B incurred were as a result of the block. Ms B has explained she could only rent a two-bed house, which meant she needed storage space. And the invoices she has now sent me to demonstrate the fees she incurred in this regard. Since HSBC didn't raise any objections or counter-evidence relating to those costs, my final decision is that HSBC must also pay £2,534.40 for storage costs.

I've also given further consideration to whether Ms B would have been able to borrow money from her parents. Ms B's mother says she would have taken legal advice and would probably have bought 50% of the new build house Ms B was trying to buy, with the other 50% being paid for by Ms B. I don't doubt Ms B's mother would consider taking such action

to help out her daughter. But, on balance, I'm not persuaded she would have done so.

Such a purchase would potentially give rise to additional stamp duty and capital gains taxes. And Ms B's mother would also have had to weigh up the likelihood of whether Ms B would ever recover the £300,000 HSBC correctly blocked. That money was held subject to a Court order. And, having seen the order, it seems that there are some sensitive and complicated issues to be resolved before any money is released.

So, it seems to me that there would have been numerous risks and considerations to go through. And I can't say that it's more likely than not that Ms B's mother would have gone ahead, knowing those risks. It is of course impossible to know what Ms B's mother would have actually done, so I've based my decision on what I think is more likely to be the case, having reviewed all of the evidence.

HSBC sent me Ms B's credit card statements to show she had an available balance which could have been used for day to day purchases. But that doesn't change my decision as I've already said Ms B would have experienced some financial difficulties regardless of the block. That is to say that Ms B wouldn't have had access to in excess of £300,000 even if HSBC had acted correctly. And I haven't made an award for things Ms B would've paid for if she had more available money, save for the house.

My final decision

For the reasons I've set out above, my final decision is that I uphold this complaint. To put matters right, HSBC UK Bank PLC must pay Ms B:

- Interest of £6,455.40
- £2,000 in recognition of the trouble and upset Ms B experienced; and
- £2,534.40 in respect of Ms B's storage costs.

The total of which is £10,989.80

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B and Mrs S to accept or reject my decision before 5 February 2021.

*If HSBC considers that it's required by HM Revenue & Customs (HMRC) to withhold income tax from those parts of the award constituting the 8% interest, it should tell Ms B how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HMRC if appropriate.

Alex Brooke-Smith
Ombudsman