

The complaint

Mr B complains about what happened to his account with HSBC UK Bank plc after he tried to switch to another bank, and close this account as part of that process.

What happened

Mr B said he moved his account from HSBC to a different bank. He said this was supposed to be a hassle-free switch, but a payment wasn't transferred over. So that left Mr B's HSBC account in overdraft, when it should've been closed. Mr B said he'd tried to pay off this overdraft a number of times already, and it kept bouncing back. And he said HSBC was now saying he owed 79p on his credit card, but he always paid that in full each month, so it should never have been left in debt.

Mr B said he'd spoken to HSBC many times, and each time it said he had to pay it back, but he'd tried. HSBC had locked his account, so he had to go to the branch to unlock it, but the money he paid in still bounced back. The bank he switched to said it couldn't help. Mr B showed us attempts he had made to pay HSBC in May and June 2020.

HSBC said it had written to Mr B on 18 February 2020 to say it would switch his account and close it. He had a small positive balance in his account then. HSBC said in its letter that Mr B needed to be careful to be sure he had some money in his account on the date of the switch, or it couldn't be closed.

HSBC wrote to Mr B again on 28 February, to say that the transfer had been done, but it couldn't close his account because it was overdrawn by £140.35. HSBC said his arranged overdraft had been removed and he was accruing interest on this, so it asked him to pay, although in fact it only seems to have asked him for the same amount after this, so it seems unlikely that he is accruing interest on this debt.

This letter set out how Mr B could make a payment. Importantly, it warned him not to just transfer money to his old account, because it would be redirected into his new account. The letters that HSBC sent to Mr B were going to his old address. HSBC said he hadn't updated his address, although Mr B says he did.

Mr B complained, and HSBC wrote in early June. It repeated that it couldn't close the account because it was in debt. It asked him to pay the debt off, although this letter didn't repeat the way in which he could do that.

Our investigator didn't think this complaint should be upheld. She said that HSBC had done everything it was supposed to. There were other ways Mr B could've paid. And he'd only tried to make his payments in May and June. So the account still couldn't have been closed in February.

Mr B said that he'd made sure his account was in credit before the switch, and any payments should've come out of his new account elsewhere. Mr B also said that as part of the switch he was charged twice for each of his direct debits, but he'd managed to get that refunded. Mr B said that if he'd been contacted sooner, he could've done something about it.

But he said that his wages were paid into the new account, as part of the switch, and his bills were still taken out of the old account.

Mr B said he really wanted to be able to pay this debt off, so whether we upheld his complaint or not, he needed to know how to actually get the money to his old account. And because no agreement was reached, this case was passed to me for a final decision.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it in part. This is what I said then:

I'd like to set out my understanding of the facts. I've sought more information from both sides, and we now know a little more about what went wrong in this case.

HSBC wrote to Mr B on 18 February. It said that when Mr B's account closed, it had to be in credit, unless he'd arranged to move an overdraft to his new bank.

I think it's worth noting that HSBC has always written to Mr B's old address, although this didn't match with the address on the transfer form he gave them. HSBC says it has no record of Mr B contacting it to change his address.

I don't think it's HSBC's fault that Mr B didn't get its letters. HSBC doesn't seem to have had any confirmation directly from Mr B of his new address. Mr B had moved some months before the transfer, so I think he ought to have realised this before he switched accounts.

I also think it's worth noting that HSBC doesn't carry the primary responsibility for the switch. Mr B's new bank is responsible for making sure things go smoothly. So I don't think it's HSBC's responsibility to make sure, for example, that payments are only taken once, or that Mr B's salary payment moves to his new account at the same time as his bills. However, I don't think that's been key to what has gone wrong here. I'll explain why I think that.

Mr B's new bank account was opened on 25 February. But his account wasn't switched on that day, it was switched a couple of days later.

It looks, from the statements I've seen for February, as if Mr B was running down his HSBC account. He was maintaining a small positive balance.

On 25 February, three large direct debts were taken out of Mr B's account. But these direct debit payments were reversed, so Mr B's account was still in credit.

Then, also on 25 February, Mr B made an online card payment, for a gambling transaction, for £20. His account only had a few pounds in, so this payment left his account overdrawn.

I know Mr B said that his direct debits were duplicated, and that's what made him overdrawn.

But his statements show that even after those direct debits were refunded, he was still in debt, because of this card transaction.

So I don't think that HSBC is responsible for Mr B's account being in debit when it tried to switch his account to his new bank.

HSBC wrote to him on 28 February to say the account hadn't closed. It included details of how to pay off the money he owed. That letter explained that, because Mr B's account had switched, he couldn't just pay money in using the old account details. Any money paid there would automatically transfer to his new, switched account.

We know Mr B didn't get this letter. But I think it's important to stress that HSBC knew Mr B couldn't just pay money into his account to clear his debt. That wouldn't work.

Mr B complained in early June. It's clear from the call he made that he knew HSBC had been trying to contact him for some time. Mr B said he'd been ignoring this because he thought all his accounts with HSBC had been shut down, when he moved to another bank.

HSBC told Mr B on that call, that bills which cleared on 24 and 26 February pushed him into debit. But that's not what his statements show. Mr B was in credit after the first of these payments. And he was already in debit by the time the second of these payments cleared.

On this call, HSBC gave Mr B payment advice over the phone. That didn't work. The advice HSBC gave over the phone was to pay direct into his account, which HSBC's letter of 28 February 2020 said wouldn't work.

HSBC then responded to Mr B's complaint by email. The email said that he could pay into his account by removing the block and transferring money into his old account. Mr B tried this, but the money still bounced back to his new account.

I think that HSBC should've been clear that this wouldn't work, and Mr B should not have been given, repeatedly, incorrect advice on how to pay off his debt.

The same letter told Mr B that his credit card had a debit balance of a few pence. And his ISA had a very small positive balance, only a few pence, so HSBC wanted to know if he wanted to transfer this into his current account and close the ISA.

Mr B says he's made a number of attempts to clear his debt, but none of them have worked. It doesn't seem, from what Mr B has told us, as if any of these attempts have been through the method that HSBC set out for Mr B in its letter of 28 February. That's perhaps not surprising, as Mr B didn't get that letter, and, although Mr B has contacted HSBC a number of times, it doesn't seem to have repeated this advice for him. Instead, it has repeatedly told him to make payment in a way that doesn't work.

I don't think it's HSBC's fault that Mr B's account was in debit when it was due to transfer. It looks like this was as a result of transactions Mr B made, as I've set out above. So I don't think it's HSBC's fault that Mr B then had a debt to HSBC.

We know that HSBC did try to contact Mr B about this. Although it didn't have the right address for him, when Mr B rang in early June he referred to HSBC's attempts to contact him, so he knew it had been trying to get in touch. So I don't think that it's HSBC's fault that this debt persisted until early June.

But from then I can see that Mr B has repeatedly been given the wrong advice about how to pay this debt. He's been given advice that HSBC knew wouldn't work. So I think it's HSBC's fault that Mr B's account has remained in debt since June 2020.

I haven't seen anything to suggest that this has affected Mr B's credit file. But, just in case, if HSBC has recorded negative markers on Mr B's credit file from June 2020 onwards, it must remove those now, and show his current account and credit card as closed and paid in full on 2 June 2020.

I think HSBC should also pay Mr B some compensation for what has gone wrong since June 2020. This matter should've been dealt with on the call he made to HSBC then, and it's because of HSBC's incorrect advice that it's only being resolved now.

If Mr B has now managed to pay this debt, then HSBC should refund to Mr B any interest he was charged for his debt after 2 June 2020, and pay him £140.

If Mr B hasn't yet managed to pay this debt, then HSBC should clear the debts on Mr B's credit card and current accounts, that will stand in the place of compensation in this case.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Mr B said he would reluctantly accept my decision. HSBC wrote to object.

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.

HSBC shared with us a considerable amount of further evidence, that it had not previously sent to us. And it sought to argue, on the basis of this new evidence, that I had made numerous factually incorrect findings.

It appears to me from what HSBC has said, that it hasn't quite understood my decision. So I'd like to summarise briefly before I look at the points HSBC made.

- I don't think it's HSBC's fault the transfer failed. Mr B would've been overdrawn even without the payments he says were duplicated, because he was still using his card.
- I don't think it's HSBC's fault that Mr B then remained overdrawn until early June. It sent him correct advice on how to clear his debt, which he didn't get because he hadn't updated his address with HSBC. And he was ignoring attempts by HSBC to contact him.
- I do think it's HSBC's fault that Mr B was overdrawn after 2 June. It gave him wrong advice on how to clear his debt, which he tried, but the payment failed.

I'll now look at the comments HSBC made.

HSBC wanted to draw attention to what I'd said about the order of payments out of Mr B's account. I listed payments in the order that they appear on his statement. But HSBC said that the payment I'd referred to as being made on 25 February was made on 24 February. It has now sent us its internal payment clearance screens, which show this payment was captured by HSBC's system on 24 February, although it shows on Mr B's statement for 25 February.

HSBC then said Mr B also made another payment on 24 February, for £3.89, to a popular e-money provider. And it said that a recurring debit card transaction went through on 25 February, which was cancelled after this payment was made.

HSBC appears to be defending what its call handler said, about the third of these payments being the one that pushed Mr B in overdraft. But it's not the order of these payments that matters.

What matters, I think, is whether Mr B was in overdraft when his account switched, just because of duplicated payments, or whether he'd have been overdrawn anyway, because of his own use of his card.

That's important, because Mr B has argued that the reason he was in overdraft on the transfer day was because a number of payments on his account were duplicated. And if that had been right, then I would've needed to decide whether this was HSBC's fault. But it isn't right. So what I was seeking to set out for Mr B, was that even after the payments he queried had all been reversed, his account was still overdrawn. Even if no mistake had been made over those, the account wouldn't have switched, just because Mr B had been using his card.

And that, in turn, means it's not HSBC's fault the account didn't switch.

HSBC felt I'd made no mention of Mr B not cooperating with its attempts to contact Mr B, And it said it said it was being held accountable for Mr B not updating his address.

HSBC said my provisional decision made no mention of a note on Mr B's file of a call on 8 June, after it had sent out the final response on his complaint. That note said Mr B had rung to say he kept being pushed into overdraft because there was a recurring transaction coming out of his account, and he wanted to cancel it. HSBC said then that it had an outstanding security concern on his account since January, so it couldn't discuss his account. Mr B would need to go into branch, before HSBC could discuss the account with him.

I hadn't mentioned this because HSBC doesn't appear to have told us about it before now. I note that a refusal to discuss the account then doesn't appear to be consistent with the call Mr B had only a few days earlier. But again, I don't think this changes the outcome of this case.

I've explained that HSBC isn't responsible for the transfer failing, and Mr B's account not closing in February.

And then HSBC made efforts to get in touch with Mr B. I think HSBC may have misread my provisional decision. I think I was clear that it wasn't HSBC's fault that Mr B didn't receive its letter of 28 February, which contained correct advice on how to pay off his debt. And I also noted that he wasn't responding to HSBC's attempts to contact him, up until early June.

Then he did get in touch, and I think HSBC is then responsible for the debt persisting, because it gave Mr B wrong advice on how to pay it off.

HSBC also took issue with what I'd said about payment attempts by Mr B. It said I'd summarised its email advice to Mr B wrongly. And on the call Mr B had, where he said he'd tried to make a payment but it bounced, the representative removed the block to allow the payment to go through. HSBC didn't believe that these payment attempts were made, or that Mr B had enough money in his account for the payments to clear.

HSBC seems to have overlooked the point I was making here, which is that when it wrote to Mr B immediately after his account switched, it told him that he couldn't just pay money into his account, using his account details, because that money would then be automatically transferred into his new, switched account with a different bank. Then it told him he **could** pay directly into that account, and subsequently, it blames him for these payments failing.

It seemed unlikely that both of these contradicting statements by HSBC were right. I think it's reasonable to assume that Mr B either can pay directly into his old account, or he can't. I said in my provisional decision that I thought the first statement was right. And I also note that the Switch Guarantee, which HSBC sent to our service as part of its reply, also confirms that *"any payments accidentally made to your old account [will] be automatically redirected to your new account."*

So I still think HSBC's first advice, given in February, was right, and Mr B couldn't just transfer money into his account.

The advice HSBC gave in June was wrong. And that's why Mr B's debt persisted past June.

And for the avoidance of doubt, I have seen screenshots from Mr B's banking app which show attempts to transfer the exact amount which HSBC told him he needed to pay, both before and after he spoke to HSBC in early June. So I think it is most likely that Mr B did make genuine efforts to pay off his debt with HSBC. I have also concluded that those efforts failed, for exactly the reasons that HSBC had explained in its earlier letter of 28 February and which is set out in the Switch Guarantee – payments into a switched account are automatically routed to the new bank.

So I haven't changed my mind. I'll now make the award I originally proposed.

My final decision

My final decision is that HSBC UK Bank Plc must –

- remove any negative markers it may have placed on Mr B's credit file from June 2020 onwards, and show his current account and credit card as closed and paid in full on 2 June 2020.
- If Mr B has now managed to pay this debt, then refund to Mr B any interest he was charged for his debt after 2 June 2020, and pay him £140.
- If Mr B hasn't yet managed to pay this debt, then clear the debts he has on his credit card and current accounts, and that will stand in the place of compensation in this case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 3 June 2021.

Esther Absalom-Gough
Ombudsman