



The complaint

A limited company, which I'll refer to as 'N', is unhappy with the service it received from HSBC UK Bank Plc surrounding its application for a Bounce Bank Loan ("BBL")

N's director, Mr C, brings the complaint on the company's behalf.

What happened

N approached HSBC to apply for a BBL. Because N didn't hold a banking relationship with HSBC at that time, N first had to apply for a business bank account to act as a feeder account for the BBL. N applied for this feeder account with HSBC in June 2020.

In November 2020, N chased HSBC for an update on the feeder account application and was told by HSBC that there was no record of an active application, and that HSBC wasn't accepting new applications for BBLs at that time. N wasn't happy about this, so it raised a complaint.

HSBC looked at N's complaint. It confirmed it didn't have record of an active application for N and that it wasn't accepting new applications at that time. N wasn't satisfied with HSBC's response, so it referred its complaint to this service.

One of our investigators looked at this complaint. They didn't feel that HSBC had acted unfairly towards N regarding the status of its application, but they did feel that some of HSBC's communication with N had been misleading. In particular, our investigator noted that HSBC had incorrectly told N that its application may have failed because of checks undertaken by HSBC with Companies House, and our investigator felt that N had been inconvenienced by having to respond to this incorrect information on several occasions.

Our investigator therefore recommended that this complaint be upheld in N's favour on the limited basis that N had been unreasonably inconvenienced by the provision of incorrect information, and that HSBC should make a payment of £100 to N as compensation for this.

Mr C didn't agree with the view of this complaint put forwards by our investigator as he believed that HSBC's actions had deprived N of a BBL. 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.

Unfortunately, some of the information surrounding N's approach to HSBC for a BBL and associated feeder account isn't available because HSBC have migrated its internal systems since that time and the access to some of previous systems is now restricted.

However, HSBC have explained that because the BBL scheme was a rapidly implemented UK government backed response to the financial impact of the emergence of the Covid-19 global pandemic in 2020, that when N first contacted it about the BBL in June 2020 the

HSBC systems to allow the administration of the BBL scheme hadn't been fully set up.

This meant HSBC couldn't immediately process BBL applications as they were received, especially when the applicant company didn't have an existing business relationship with HSBC, which meant a feeder account had to be applied for and approved.

Because of this, when HSBC was able to move forwards with such applications, it then emailed all waiting applicants to check whether they still wanted a BBL, and if no response was received the application was cancelled. And given the unique nature of the BBL scheme and its unusually rapid implementation, as well as the high number of BBL applications that HSBC received, HSBC's approach here seems reasonable to me - especially as it may have been the case that applicants such as N may have successfully applied for the BBL in the interim via an alternative channel.

HSBC have an internal record which appears to confirm that a mailing was sent to N later in the month that it first approached HSBC – in June 2020 – which asked if N wanted to continue with the application. And HSBC have no record of having received a response to that mailing from N.

However, as explained previously, HSBC can't provide full detailed records of all events surrounding N's application. So, while it appears that N was sent such a mailing by HSBC, I haven't taken it as being definite that such a mailing was sent.

But even considering that the mailing referred to above may not have been received by N, it's notable that N didn't chase HSBC about the feeder account application until November 2020, which was five months after the application had been submitted in June 2020.

This seems to me to be a long time for a company applying for an urgent business relief loan to have waited before chasing up on its application. And I do feel that N must bear some responsibility for not monitoring the application as would reasonably be expected, especially if it were the case that N hadn't received any communication from HSBC during that time.

Ultimately, HSBC's explanation as to why the feeder account application may not have progressed seems plausible to me, and I also feel that N should reasonably have monitored the status of the application more closely and regularly than it appears to have done.

Additionally, it must be remembered the application that didn't progress here was the application for the feeder account, and that if that application had been successful there was no guarantee that any subsequent application that N may have made for a BBL would itself have been successful.

All of which means that, while I can appreciate N's frustration at what occurred, I don't feel that HSBC acted unfairly towards N regarding the non-progression of the feeder account application as N maintains. And it follows from this that I won't be upholding this aspect of N's complaint.

However, I do feel that HSBC's inaccurate communication to N about the reason the application may not have progressed, including that this may have been because of checks it undertook on N, did cause a degree of unnecessary inconvenience for N which I feel that N should fairly be compensated for.

Matters of compensation can be subjective, with an amount considered as being fair and reasonable by one party not considered as being such by someone else. But the £100 compensation amount to which HSBC have already agreed here does feel fair to me, given the circumstances, and I can confirm that it's commensurate with what I would have

instructed HSBC to have paid, had they not already agreed to do so.

So while my final decision here will be that I am upholding this complaint in N's favour, I am only doing so on the limited basis that HSBC must make a payment of £100 to N to compensate it for the inconvenience resultant from HSBC providing inaccurate information to N as to why its feeder account application may have not progressed.

I realise this might not be the outcome N was wanting, but I trust Mr C will understand, given all that I've explained, why I've made the final decision that I have.

Putting things right

HSBC must make a payment of £100 to N.

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 N to accept or reject my decision before 24 August 2022.

Paul Cooper
Ombudsman