

The complaint

A company, which I'll refer to as "W", complains about the way HSBC UK Bank Plc handled its application for a new account.

Mr R is W's director and brings the complaint on the company's behalf.

What happened

W wanted to open a bank account with HSBC after the account it held elsewhere was closed, and with a view to applying to the bank for a Bounce Back Loan. It applied to HSBC on or around 2 July 2020.

HSBC contacted Mr R for more information in order to consider the application, including identification documents and bank statements to show the company's prior trading. Mr R responded to the bank's requests, but the application was ultimately unsuccessful.

HSBC advised Mr R on 26 September that the application had been declined. The bank began to consider a further application, but advised Mr R on 27 October 2020 that this couldn't continue. This was because his name was spelt differently on the application to that on his identification documents – so the bank had run its credit searches against the wrong name. HSBC said that a further application would be needed – but that it was now not accepting account applications until 14 December.

Mr R raised a number of complaints with HSBC during and after the application process. In summary, he was unhappy with the time taken to complete the application and the service received during it.

Across several responses, HSBC accepted that the service provided to W wasn't as good as it should've been. It said that there were delays in assessing account applications and long call wait times due to the level of demand the bank was dealing with, but nevertheless apologised for the impact the delays had on W and offered it a total of £200 compensation along with £128 towards the cost of Mr R's calls.

Mr R remained unhappy and referred his concerns to us. He said that HSBC had left W without an account and therefore unable to trade.

W's complaint was reviewed by one of our investigators, who thought it should be upheld. He said that HSBC ought to have done more to progress W's application from 27 October 2020 and that its failure to do so had caused the company some further inconvenience. So he recommended that the bank pay W a further £200 compensation. But he didn't think HSBC needed to compensate W for any lost business, as he didn't think it was the bank's fault that the company didn't have an account.

HSBC accepted our investigator's view, but Mr R didn't. He didn't think all the aspects of his complaint had been addressed or that the additional compensation proposed was fair. So he asked that an ombudsman review the complaint, and it was passed to me to decide.

My provisional decision

I issued a provisional decision on W's complaint earlier this month. While I also thought that a total of £400 compensation was a fair way to resolve the complaint, my reasons were slightly different to those of our investigator. So I wanted to give both parties the chance to respond with any further information or evidence they wanted me to take into account, before I made a final decision. I said:

I should firstly clarify the scope of my investigation and what I've considered in reaching my decision, given Mr R's concerns as to what was addressed by our investigator. While HSBC has issued a number of responses, I have assessed how the bank dealt with W's account application as a whole from early July 2020 onwards. This means that I've taken into consideration the several complaints Mr R raised along the way, to which HSBC sent final response letters on 15 September, 16 September, 18 September, 22 September, 13 October and 11 November 2020. Mr R also raised concerns during this time that related to his personal account, which do not form part of the complaint brought by W.

Having looked into how HSBC dealt with W's account application from start to finish, I agree that there were shortcomings and can see that these impacted the company during what was an already challenging time. However, I think the total amount of compensation that the bank has offered to pay – being £400 plus the £128 towards W's call costs – represents a fair settlement to the complaint. I'll explain why. In doing so, I won't address each and every point that has been raised. I hope Mr R doesn't see that as discourteous and I can assure him I've read and considered everything he's said and provided to us, but I'll focus on the matters that I consider most relevant to how I've reached my decision – in keeping with the informal nature of our service.

It is clear that W's application took much longer than it should've done. W's application was first made on or around 2 July, but I can't see that any meaningful action was taken until 3 August (when HSBC asked Mr R for alternative identification documents). HSBC's records indicate that this was received promptly but there was then a further delay in progressing the application in any purposeful way. It seems those delays meant the bank needed Mr R's consent to "retrigger" the application, which was confirmed on 16 September. There was then a further delay in requesting the bank statements needed to progress the application further, which wasn't made until 11 October.

It was only after this point that HSBC realised a discrepancy in the spelling of Mr R's name on the application that affected things. HSBC noted on 27 October that the application would have to be resubmitted such that Mr R's name was consistent with that of his identification document. I think that was a reasonable requirement – but it ought to have been picked up much sooner. By the time this was identified, HSBC had paused new account applications and said that W wouldn't be able to reapply until mid-December.

I appreciate that at the time of W's application, HSBC was dealing with the significant impact of the pandemic as well as the unprecedented level of demand for borrowing under the government-backed loan schemes. But I still think the delays and level of service W experienced were unreasonable. The application was ultimately unsuccessful due to something that ought to have been identified much sooner – if it had been, it could've been remedied; as it wasn't, the whole application had been made in vain.

These delays and the way that HSBC handled its further information requests caused W some inconvenience. Given the time that was being taken, Mr R understandably chased things up on a number of occasions. Doing so was made more difficult by the long wait times on the bank's phone lines. And no doubt this compounded the difficulties W was faced with at the time – during a pandemic, and in urgent need of the account.

It's right that W is compensated for this. But I think the total of £400 that has already been offered by the bank is fair and reasonable compensation for the inconvenience it was caused. I should highlight that while I appreciate that this matter was stressful for Mr R, I can't direct HSBC to pay him any compensation in response to this complaint or factor this into the award payable to W. This is because the complainant here is W – and a limited company can't suffer from distress or upset.

I've also considered whether W suffered any financial losses as a result of HSBC's actions. To that end, I've taken on board what Mr R has said about being left without an account. But I don't think it is fair to say that it was solely down to HSBC that W didn't have an account for the period in question, as the company could also have obtained one elsewhere. HSBC has already reimbursed Mr R for his call costs, and I've not seen that the company suffered any other losses as a result of delays on the bank's part.

I also recognise that without the account, W couldn't apply to HSBC for a Bounce Back Loan. But I think HSBC was clear when speaking to Mr R on 27 October as to what would be needed to proceed with the application. I've listened to a recording of Mr R's call with the bank, in which it advised that he would need to resubmit the application due to the discrepancies with the spelling of his name. I've not seen that W reapplied when HSBC resumed account applications. W could also have applied for the loan elsewhere. So I don't think I can say that it is down to HSBC that W was left without a Bounce Back Loan.

Neither party responded with any further comments or evidence for me to consider.

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.

Having done so, and with neither party having provided any further information for me to take into account, I've not reached a different conclusion from that set out in my provisional decision. So this decision confirms my provisional findings, as set out above.

My final decision

I uphold this complaint and require HSBC UK Bank Plc to pay W compensation of £400, less any amounts it has already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 21 March 2022.

Ben Jennings
Ombudsman