

The complaint

D, a limited company, complains HSBC UK Bank Plc have been incompetent when opening accounts for it leading to losses.

D is represented in this complaint by its directors.

What happened

I issued a provisional decision setting out what'd happened, and what I thought about that. I've copied the relevant elements below, and they form part of this final decision.

In August 2019 D arranged an appointment with its business manager to set up new facilities. The appointment was booked for 2 September 2019.

D explained in this meeting it wanted the new facilities set up by 1 October 2019. It says HSBC's business manager was aware from this conversation the ability to transfer more than £100,000 was important. D also says no forms were provided to its directors for them to sign on this first appointment. The following day D emailed HSBC's business manager as nothing had been heard. The business manager said he'd complete the application on his return from leave and asked for one of the director's passports.

The business manager was then on leave from 4 to 16 September 2019 – and D contacted him again on 17 September asking for an update. Two days later D was told the application should be approved next week, and other forms would be sent in the post. After discussion forms were emailed, along with a mandate which the business manager asked D's directors to sign.

On 24 September 2019, the accounts D had asked to be set up were done so – with an overdraft facility of £10,000. D appealed this as it wanted a higher limit, but this appeal was turned down. On 30 September 2019 one of D's directors was told telephone banking access wasn't available. D was also concerned no security device had been received, the reason its directors couldn't use telephone banking was due to no signatories on the account – and a cheque book for one of the accounts hadn't been provided.

Following this, D experienced a large number of problems, leading to inconvenience. As issues came up, D complained to HSBC about them.

HSBC replied to each complaint giving six months for D to refer its complaint to our service. The responses issued on 23 and 25 October 2019 were referred too late, but we could consider the other responses. Although those responses were referred in time, some of the issues covered in those responses were the same issues covered by the October 2019 responses we couldn't consider.

D referred its complaint to us saying it only wanted us to consider the issues in its letter of 13 January 2020, and HSBC's response of 11 February 2020. We've explained to it what can and can't be considered under this complaint – as some of the points it raised in their

letter of 13 January 2020 had been addressed in previous responses. My understanding is D has accepted this.

For the issues we could consider, our Investigator felt HSBC had done enough to put matters right for D by paying out some compensation.

It didn't agree and asked for the matter to be reviewed so the complaint was passed to me to decide. I clarified with D the issues to be considered, and I've now summarised them as follows:

- *The bank applying charges for the account, despite not putting all facilities in place*
- *In branch, a number of issues arose which couldn't be resolved*
- *A cheque was returned unpaid*
- *D has to operate in line with certain regulations, and HSBC's actions meant this couldn't be done*

D had also claimed £6,931.40 in compensation, so I asked for further information regarding this – and will address this at the end of my decision.

What I've provisionally 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.

The bank applying charges for the account, despite not putting all facilities in place

D's concern on this point, as I understand it, is essentially that its had so many problems with HSBC setting up the correct account facilities but has continued to charge fees – which D doesn't think they should have.

I don't have a lot of detail regarding this specific issue, but generally on a business account I'd expect fees to be charged for services provided. So, if D was paying in money, withdrawing money, doing transfers and so on – then fees may well be charged in line with the account terms and conditions. If that is what was happening, then I can't say it's unfair on the basis that's the agreement D signed up to. If D wishes to provide more information on this point, I'll be happy to consider it.

But, just because errors are made, doesn't mean the contractual terms don't apply or that I can require HSBC not to apply them. I can award compensation for errors, which I think is covered by the following sections.

In branch, a number of issues arose which couldn't be resolved

D has said on 28 October 2019 one of its directors went into branch for an appointment, but this hadn't been set up as expected. New telephone banking was set up, but there were a number of payments D wanted to make but couldn't – nor could D get the online transfer limits changed or replace incorrect cheque books. D have also said it was told the online banking would be set up, but this wasn't true due to issues with the banking mandate.

The banking mandate was an issue covered by the response on 25 October 2019. So, I can't consider any issues arising directly out of the mandate. But I can consider the impact of the wrong advice, along with the frustration of not being able to get everything sorted in that one meeting.

Here it seems HSBC haven't helped D as much as I'd expect. Clearly based on the history of what's happened D have been trying to get matters sorted quite promptly, and HSBC's advisers have let it down. I've not been provided much information from HSBC on this point, and I can't see it's been addressed in one of their final responses, so I'll think about this at the end.

A cheque was returned unpaid

A cheque D had written for £12,296.08 was returned unpaid. D says this was after receiving a missed call from an unknown number. The caller did leave a voicemail, but after returning the call promptly the cheque had already been cancelled. My understanding is this process wasn't explained to D, and it was also unhappy calls were made to a mobile number, rather than the office phone numbers where someone would likely have been able to answer the phone.

D said it established the reason the cheque was returned unpaid was due to it only being signed by one signatory – when the mandate said two. As I've explained above, I can't consider who's at fault for the mandate. But D queries why many other cheques were paid with only one signature, and this one wasn't.

Again, I don't have a lot of information from HSBC regarding this issue as they didn't address it when replying to D's complaint.

Generally, financial businesses such as HSBC will have fraud measures in place to ensure the safety of their customers accounts. So, I can't say they've necessarily done anything wrong in the action of ensuring the cheque was legitimate, but how they've gone about that seems to have caused D inconvenience, so again I'll think about this at the end.

D has to operate in line with certain regulations, and HSBC's actions meant this couldn't be done

D has explained credits were made into one of its accounts without an explanation from HSBC as to what these credits were. D has said it's required to be able to prove where funds have come from in line with the regulations it has to follow. D has said unexplained and unexpected credits require its time to find out where they've come from.

D has also said not having full functionality on accounts could imply an inability to manage its finances properly – which, again, could see them fall foul of the relevant regulations.

I asked D if it'd experienced any issues as a result of these issues, and fortunately it said it hadn't. I can't award compensation for something that might have happened but didn't. Though, I can award compensation for inconvenience, which I now cover in the next section.

Summary

D's claim for compensation was for £6,931.40. It broke this down as follows:

- £3,189.90 had been calculated as costs for D's time,
- £241.50 for issues related to the mandate being signed properly, and
- £3,500 as compensation costs on top

Regarding the £3,189.90 costs for D's time this is the professional fees its directors would charge based on my understanding of how its calculated this. But, our service doesn't generally award professional rates – and the reason for that is someone's professional expertise, qualifications etc, are unlikely to be needed to bring the complaint to our service.

I've not seen anything to suggest D's professional expertise was needed to bring this complaint to our service – so I don't award the claimed costs.

For the £241.50 D have said these are the costs for getting the mandate signed properly. As I've set out, I can't consider any issues regarding the mandate, because this was covered by a response brought to our service out of time. So, I can't award these costs as I don't have the authority to do so.

For the £3,500 we'd usually award such a high figure of compensation in situations where mistakes have caused issues to someone's health, or severe disruption to someone's daily life lasting over a year. I also need to factor in D is complaining in its capacity as a limited company. A limited company can't experience distress but can experience inconvenience which we can award compensation for.

As I've set out above, I think D has been caused inconvenience as a result of not resolving matters in branch, returning the cheque unpaid, and applying credits without explanation. And, I can't see that any of these points have been properly considered by HSBC, or that they've awarded compensation for this. I think given these issues have all arisen after multiple other issues D has experienced, means the inconvenience is more than it perhaps would be if these were the only issues D had. Overall, I think £300 is a fair amount to compensate D for these issues.

Responses to my provisional decision

D said it didn't have any further points to make in respect of its complaint – apart from saying it thought the £300 compensation provides banks with a charter to provide the poorest, most inconveniencing and financially detrimental service to their customers without fear of penalty or sanction.

HSBC didn't reply by the deadline.

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've noted D's comments, and I appreciate it's disappointed with the outcome I've reached. I did want to clarify the £300 I've awarded is in addition to any previous payments D has had. While I don't imagine that'll change D's thoughts on my compensation award, I did just want to clarify that.

I've seen D is, in effect, saying my award won't stop banks from providing a poor service. I do understand D's frustration – but my award is simply to reflect the losses I can see D has suffered – that fall within my remit to consider. I can't penalise or sanction a financial business as our service isn't the regulator of the financial services industry. This is the Financial Conduct Authority.

Our remit is to look at the individual case, and provide an answer based on the circumstances of that case. Here, I've provided my answer based on the information available to me.

As D didn't provide any more detail to make me think the award I've made is unfair, and HSBC didn't reply, I still think that £300 compensation is a fair way to put matters right.

My final decision

For the reasons I've explained above, I partially uphold this complaint, and require HSBC UK Bank Plc to pay D £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask D and D to accept or reject my decision before 14 April 2022.

Jon Pearce
Ombudsman