

The complaint

R, a limited company, complains about delays by HSBC UK Bank Plc with closing an account and transferring the funds.

R is in voluntary liquidation. The complaint was brought to us by R's ex-director and the liquidator. I'll refer to them as R's representatives.

What happened

R was to be liquidated via a members voluntary liquidation. It had funds of about £300,000 in an account with HSBC. The liquidator wrote to HSBC in April 2021 instructing it to close the account and transfer the funds. R's representatives say due to errors by HSBC the payment wasn't processed for 20 weeks. HSBC accepts it caused delays. R's representatives say HSBC should pay interest at 8% for this period, plus compensation for the inconvenience and loss of the use of the money.

Our investigator said HSBC should pay compensation of £250 to R for the inconvenience caused (which HSBC agreed to do). Our investigator said once the funds were transferred, they were to be distributed as part of the liquidation process. So the delay didn't cause any loss to R.

R's representatives didn't agree. The liquidator said while £250 was fine for a nominal compensation amount, R should also receive an additional sum for statutory interest. The liquidator referred to guidance on our website which says 8% interest is appropriate for being deprived of money. He said R was deprived of the money for a considerable period and this loss of opportunity to invest or use the money should lead to an award of interest.

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.

There's no dispute that HSBC made errors and this delayed R's funds being transferred. So I have to decide what compensation, if any, is fair and reasonable.

R's representatives ask that HSBC pays interest at the statutory rate for the period that R was unable to use the funds due to errors by HSBC.

R is a limited company and a separate legal entity. R is the account holder and the complainant here. I can't usually award compensation to third parties or for third parties' losses or upset.

I could require HSBC to pay compensation to R for financial loss, but it would only be fair to do so if there's evidence that R suffered a financial loss. R's representatives haven't provided evidence of financial loss. They say R should be compensated for the loss of opportunity from not having the money. I don't think that's fair and reasonable.

R is in liquidation. R didn't intend to invest its funds in a business, or transfer them to an

interest bearing account. It intended to distribute the funds to third parties as part of the liquidation. So R didn't suffer a loss of opportunity from being deprived of the money. I haven't been provided with evidence that it made any financial difference to R that these funds were transferred some weeks later than planned.

Companies rely on their directors and officers to manage their business. I can ask HSBC to pay compensation to R for inconvenience caused to its directors and officers. The liquidator sent written instructions to HSBC in April 2021 and the account was closed and the balance transferred in September 2021. R's representatives had to contact HSBC during this time to move the matter along. HSBC asked them to provide a document it already had. In the circumstances, I think compensation of £250 is fair and reasonable compensation for the inconvenience caused.

My final decision

My decision is that I uphold this complaint. I order HSBC UK Bank Plc to pay £250 to R, as it agreed to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 8 November 2022.

Ruth Stevenson
Ombudsman