

## **The complaint**

Mr I complains about HSBC UK Bank Plc ("HSBC") for failing to stop a payment he made in error. He wants HSBC to compensate him for his losses.

## **What happened**

Mr I banks with HSBC. In December 2021 he wanted to make an international payment to a recipient overseas, via an intermediary bank.

He completed the online payment authorisation and detailed the amount of \$10,800 US. This equated to £8457.98. The instruction was submitted.

Shortly afterwards, Mr I realised that the amount of the transaction was incorrect, and it ought to have been for around £4500 instead.

He contacted HSBC immediately and asked that the transaction be cancelled. It had not yet debited from his account at that time.

HSBC's agent told Mr I that the payment would be stopped. Two days later, Mr I noticed that the payment had debited his account.

He complained to HSBC.

HSBC responded saying that the agent had been wrong to advise Mr I that the payment could be stopped and that, once it had been submitted, HSBC was unable to recall the payment. HSBC offered Mr I £100 for his disappointment but considered that it had not been possible to prevent the transaction.

Mr I was not happy and contacted us.

Our investigator has looked into this matter and did not recommend that the complaint be upheld. She considered that HSBC had acted in line with the terms and conditions and as the payment was to be immediate, HSBC was unable to stop it. She considered that the payment of £100 was reasonable to reflect the inconvenience of the wrong information Mr I was given.

Mr I did not accept that view and asked for an ombudsman decision.

I issued a provisional decision in respect of this complaint in October 2022. In that provisional decision I set out that Mr I had raised that if he had been aware that the payment could not be stopped by the bank he would have taken action to remove his funds from his account and force the payment to 'bounce', thereby stopping it himself. HSBC subsequently confirmed that such action would have worked, but that Mr I would have incurred charges for the exchange rates of the transaction by doing this.

I therefore thought that HSBC, in wrongly telling Mr I that the payment would be stopped, caused him to lose out on the opportunity to stop the payment himself. I thought that Mr I

needed to pursue recovery from the recipient directly, but if he was unable to recover the money, he could provide evidence to HSBC of his efforts and HSBC should consider reimbursing him his financial losses.

That provisional decision has been shared with the parties and they have been invited to comment or provide additional evidence.

Mr I has not responded to the provisional decision.

HSBC has responded, querying what I mean by Mr I's proven losses, and whether this includes the costs of pursuing debt recovery. HSBC considers it inappropriate for reimbursement to include the sum transferred as it argues that this could not be cancelled after the transaction was submitted. HSBC also notes that if my decision is unlimited then Mr I could potentially spend a great deal on legal fees seeking to recover the funds and this would be disproportionate.

### **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 has argued that it is unfair to require HSBC to indemnify Mr I's losses as the transaction could not be cancelled, as per the terms and conditions and as detailed on the screen when Mr I submitted the request.

I understand that and, if HSBC had confirmed that the transaction could not be cancelled when Mr I called in shortly after confirming it, then I would not consider that HSBC had done anything wrong.

The issue here though is that HSBC acknowledges that it told Mr I, during that conversation, that it could be stopped and that this would be done. By doing this, HSBC deterred Mr I from taking any other action, such as that which he suggested he would have done, and so prevented him from stopping the transaction.

I cannot be certain that Mr I would have cleared his account funds if properly advised, but it seems likely to me that he would have looked at ways he could stop the erroneous transaction, and this would have been possible for him to do at that time. I therefore think that HSBC, from the point of telling Mr I that the payment would be stopped, took over responsibility for the payment continuing without further intervention.

In those circumstances, I think that Mr I's loss is a financial effect of HSBC's error.

### **Putting things right**

In putting things right, I acknowledge that Mr I has the contractual relationship with the recipient so is best placed to try to recover the funds, but that given that this has not succeeded so far it may not be possible for him to recover them. In those circumstances I provisionally directed that Mr I should produce evidence to HSBC of his losses and HSBC should reimburse him.

HSBC's clarifying questions are helpful, and prompt the question of what is proportionate for Mr I to do to pursue recovery of his funds. I agree it would be disproportionate for a large sum to be spent on seeking to recover the funds.

As I understand it, the transaction which was sent was for around £8457, when it ought to

have been around £4500. I understand that Mr I would have had to pay the lower amount in any event so his loss through the transaction going ahead is the difference of around £3950.

If Mr I had cleared his account to make the transaction 'bounce' then he would have incurred charges for this, being the exchange fees that had been incurred. If HSBC calculate and deduct those charges from the financial effect of £3950 that would leave a more realistic financial effect.

I propose that HSBC liaise directly with Mr I and explain what level of evidence it wants from Mr I to be satisfied that he has sustained the loss, and it then reimburse him. If HSBC wants evidence of legal action being pursued then it should make this clear to Mr I. If it does so I would then expect HSBC to reimburse him for the cost of that legal representation.

I consider that agreement of the final sum can be left between the parties, and if Mr I remains unhappy at how HSBC has approached requiring evidence, or the figure that HSBC proposes to reimburse, then Mr I is entitled to return to our service to consider whether HSBC has acted fairly.

I previously indicated that I thought HSBC should pay to Mr I £400 compensation for his distress and inconvenience. I think that, as the above should compensate his financial losses, the compensation for distress and inconvenience is less than I previously thought. I now consider that HSBC should pay £250 compensation to Mr I for his distress and inconvenience, and that this is in line with other awards we would make.

### **My final decision**

For the reasons given above, and in my provisional decision, I uphold Mr I's complaint and direct HSBC UK Bank Plc to:

- Pay to Mr I £250 compensation for his distress and inconvenience; and
- To liaise with Mr I to obtain the evidence it requires of efforts to recover his financial loss, and to reimburse him for that loss, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 20 December 2022.

Laura Garvin-Smith  
**Ombudsman**