

## **The complaint**

A company, which I'll refer to as C, complains about poor service from HSBC UK Bank Plc, when trying to open a bank account. Mr and Mrs W, who are directors of C, bring the complaint on C's behalf.

## **What happened**

In summary, this complaint arises from C's attempts to open a business account with HSBC. C was incorporated in May 2019. And from what I can see, C initially applied for an account a couple of months later.

In January 2021 there was further contact with HSBC regarding an account. But in May 2021 Mrs W was told there was an error, the application had to be cancelled and a new one would need to be submitted.

This third application appeared to be proceeding satisfactorily, but in July 2021, Mr W expressed concern that another director was receiving multiple emails requesting identification and verification documents, which had already been provided.

C complained. In its response, HSBC acknowledged that the identification document appeared to have been lost internally. It told C that had the document been destroyed in error, this would have been done by secure confidential waste disposal. It confirmed that the application had been cancelled and offered £100 compensation in recognition of the mistake.

Mr and Mrs W brought C's complaint to the Financial Ombudsman. Our investigator thought £100 was fair compensation, but thought HSBC should also contact Mr and Mrs W to discuss what they should do to open an account.

In response to our investigator's opinion, HSBC confirmed that applications only last for 30 days, so a new application would be required if C still wanted an account.

Mr and Mrs W, on behalf of C, did not accept our investigator's view. They sought compensation of £1500-2000 and wanted a proper apology. Mrs W said the situation caused considerable financial loss. And she was very concerned not knowing what had happened to the lost identification document and only having HSBC's assurance it would've been securely destroyed.

Our investigator reiterated his opinion that £100 was fair compensation for HSBC's mistake.

Mrs W said that over a period of 18 months, she'd spend many hours on the phone and computer in connection with the applications. She requested an ombudsman's decision, so her case has come to me to decide.

From reviewing the case file, I understand C subsequently lost faith in HSBC and secured banking services from another provider. So what's left for me to decide is whether the compensation offered by HSBC is fair and reasonable.

Prior to issuing this decision, we requested further information from C, about the history of the applications, the financial losses Mrs W referred to and the inconvenience to the business. Our investigator initially contacted C by email, then by phone and, at Mr W's request, issued a reminder email to Mrs W, detailing the information sought. No further information has been provided, so I now consider it appropriate to issue my 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.

Having done so, I think HSBC's offer to settle the complaint is fair. I'll explain my reasoning.

Clearly, there were difficulties over a prolonged period. I can appreciate this would've been frustrating for C's directors. Mrs W has referred to difficulties communicating with the bank during the Covid pandemic. But from what I've seen, not all the difficulties C encountered when trying to open the business account were down to HSBC. From HSBC's information, it appears the first application did not proceed due to questions regarding the information needed to meet the bank's *know your customer* obligations.

The second application also appears to have encountered issues. Mrs W has referred to difficulties answering security questions. HSBC's records show she spoke to the bank in May 2021 and was told there was an error as the application wasn't completed, it would need to be cancelled and a new one submitted.

The third application appears to have been progressing satisfactorily. But HSBC has accepted it made an error in losing an important document belonging to one of C's directors. This resulted in the application being cancelled. And I appreciate the uncertainty around what exactly happened to the lost document remains a concern.

I acknowledge that Mr and Mrs W were worried that the delay in opening a business bank account meant they were using a personal account to operate the business. They were concerned this would present legal issues for them. As the complainant in this case is the business, C, I can't award compensation for distress, because a business – as a separate legal entity – can't experience distress. But I can award compensation for inconvenience to the business.

In the absence of any further information from C, I have to decide whether £100 is fair compensation for B's error, based on the information I've seen. I understand the directors of C had a longstanding relationship with HSBC and expected better. Like all banks, HSBC has to comply with strict requirements when opening accounts and I've not seen evidence to suggest HSBC treated C unfairly during the earlier applications. But C's directors were inconvenienced by having to reapply for banking services and replace the document. Time taken dealing with those matters was time away from the business. Overall, I think £100 fairly acknowledges and reflects the mistake and inconvenience caused.

### **Putting things right**

To put things right HSBC should pay the £100 compensation already offered.

**My final decision**

HSBC UK Bank Plc has made an offer to pay £100 to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that HSBC should pay £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 27 February 2023.

Jo Chilvers  
**Ombudsman**