

The complaint

Mr P complains that HSBC UK Bank Plc have been unable to recall an international transfer for him.

What happened

Mr P attempted to make an international transfer to an overseas account, but he didn't realise he made an error with the beneficiaries account number. The beneficiary asked him to make the transfer again which Mr P did. He contacted HSBC to speak about the whereabouts of the original transfer. He says they told him the money was being held in an account overseas and it would be returned to his account in due course, and they charged him £25 administration fee for this, but they sent the funds to the destination country instead, even though they knew the account details didn't match. Mr P made a complaint to HSBC.

HSBC said they sent several requests and chasers to recall the funds and they did not receive a response from the beneficiary bank until 5 January 2022, who said they were seeking authority from the beneficiary to return the funds. HSBC said that despite sending multiple chasers asking for updates, they did not receive any further communication from them until 16 March 2022, where they confirmed that the beneficiary had not responded to provide debit authority to return the funds and they confirmed that they would be unable to assist further and that he should take this matter up with the beneficiary directly. HSBC said they hadn't been able to locate any calls that Mr P made to them around the time, but if he was told incorrect information about the recall process, then this would not have had an impact on the outcome of the recall request. Mr P brought his complaint to our service.

Our investigator partially upheld Mr P's complaint. He said once a payment has been made a recall is the only option. He said HSBC made several recall attempts to claw these funds back but have been unsuccessful. The recipient bank advise they were able to locate the correct account (despite the initial error) and confirm that the funds were successfully credited. But they've been unable to obtain debit authority from the beneficiary to return the payment. He said Mr P made a second payment using the correct details shortly after the first payment, so in effect, the beneficiary has been paid twice. He said as the recipient bank needed the relevant authority to debit the beneficiary account then he couldn't reasonably hold HSBC responsible for this nor could he ask them to cover Mr P's losses. He said HSBC should pay Mr P £75 compensation for distress and inconvenience and refund the £25 recall fee and pay 8% simple interest on top of this. HSBC disagreed with paying interest on top of the fee, but they said they would be happy to pay Mr P £200 compensation.

Mr P asked for an Ombudsman to review his complaint. He made a number of points. He said when the initial payment had been made, the intended beneficiary of the money said they hadn't received the funds which he believes this was either 5 or 6 August 2021. Mr P says he contacted HSBC to find out where the money was, and he was told this was in a holding bank in a European country and that if he waited, the funds would be returned to him, but it might take a week or so. So Mr P made another payment to the beneficiary through HSBC with the correct details. He says he was offered the chance to recall the funds at a cost of £25, which he eventually did after the funds didn't automatically return to him.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I must make it clear to Mr P that I can only look into the actions of HSBC UK Bank Plc and not any other banks that were involved here. This is because the complaint is brought against them solely, so I can only look into their actions.

I've thought about what Mr P has said about his phone call on either 5 or 6 August. Unfortunately HSBC have told me they have no call recording of this call or any notes to support what Mr P has said here. So I'm unable to rely on this here. Mr P's funds were routed through a bank in the European country that he was told held his funds. So it's possible that the call handler told him they were at this country at this time.

When the funds are sent by HSBC, they would have no sight or control over what happened to the funds unless either the beneficiary bank or Mr P made them aware of any issues. HSBC would then get in contact with the bank who received the funds initially, which in this case was located in a European country, who would then make enquiries with the recipient bank. So the call handler would not be able to confirm at any time whether the recipient bank had received the funds or not without sending a message to the bank they initially sent the funds to – which I will refer to as the intermediary bank here.

Mr P says that the intended beneficiary of the funds told him on either 5 or 6 August 2021 that they hadn't received the funds. I've looked at his terms and conditions of his business account (which his bank statement shows is open in his name only) to see what they say about how long it would take international funds to reach the recipient bank. For the international payment type that Mr P made, the terms show that the time to reach the recipient's bank is "Usually up to four working days but it may take longer depending on the country the money is being sent to". So at the time the recipient said that the funds weren't received/he rang HSBC, it's possible that the funds could have still been on route to the destination.

The terms also show that "You can't cancel or change a payment you've asked us to make immediately". So as Mr P contacted HSBC after the payment had been made, he was unable to cancel the payment or change the account number to the correct account number.

I've had a look at all of the evidence to try and look at the timeline of what happened on the balance of probability here. It's possible that the recipient hadn't received the funds at the time they told Mr P they hadn't received them. So I asked HSBC to contact the intermediary bank, who then contacted the recipient bank to find out when the funds reached them. And although it can take up to four working days (or possibly longer) for the recipient to receive the funds), the recipient bank have told HSBC that the funds were processed by the recipient bank on 5 August 2021.

So it may have been a situation where the recipient told Mr P that they hadn't received the funds and asked Mr P to send the funds again. But the funds could have later credited the beneficiary account later on that day. But instead, the beneficiary didn't tell Mr P this. And it's unlikely they ever told Mr P this as he made a second payment on 11 August 2021, with the correct details.

I've considered what Mr P said about the call handler telling him that the funds would be returned due to the wrong account number. As I've previously mentioned, I can't listen to exactly what was said here and how things were positioned, or if the call handler told him

other things that could happen with the funds. It is possible that due to an incorrect account number being entered, that this can often lead to the funds being returned. But in this instance, the evidence shows that what appears to have happened is that the recipient bank was able to locate the correct account, based on the other details provided as part of the transaction and they credited the funds to the recipient's bank account. So I'm unable to hold HSBC UK responsible for actions that the recipient bank took here.

I've looked at the terms and conditions of the account again regarding "If something goes wrong with a payment". They state that "If you give us incorrect instructions, for example the wrong account number or sort code, we won't be responsible for any loss or delay you suffer." Mr P gave the wrong account number, so HSBC wouldn't be responsible for any loss or delay that he suffers. The terms go on to say that "You should contact us as soon as possible. We'll try to help you get the money back but may not always be successful. We may charge you for our reasonable costs in trying to do so. We'll tell you at the time how much this will be."

So HSBC do not guarantee that Mr P would be successful in getting the money back and that there would be reasonable costs in trying to get his money back. This is why there was a £25 fee in place for HSBC to initiate a recall of the funds. So I've looked into whether HSBC have tried to recall his funds. I'm satisfied that they tried, and I'll explain why.

It appears that Mr P agreed to pay the recall fee and initiate the recall process on 9 September 2021. I can see that the cancellation request (the recall) was started on their system on this date. They then sent the intermediary bank a message on 13 September 2021 to urgently cancel and refund the payment. They received acknowledgement of the request on 17 September and the intermediary bank said they contacted the recipient bank (via a message) and they would get back to HSBC when they had a response. HSBC then chased this again on 24 September and again on 28 September. HSBC received a response on 4 October 2021 from the intermediary bank, again explaining that they had messaged the recipient bank and they would get back to HSBC when they had a response.

HSBC sent another chaser message to the intermediary bank on 6 November 2021, which was acknowledged again on 16 November 2021. It was only on 5 January 2022 that the intermediary bank let HSBC know they had a response from the recipient bank. The recipient bank said that they were contacting the beneficiary for debit authority to refund the money. And upon receipt of the funds (from the beneficiary), they would refund the money (less charges) accordingly. They said there would be no further response from them if the beneficiary did not respond to the request within 14 days. This was chased up by HSBC on 24 January 2022 and they had a response on 31 January 2022 that the debit authority was still being sought from the beneficiary.

HSBC continued to chase this up on 9/17/18 February and 11 March 2022 without response. It was only on 16 March 2022 that the intermediary bank passed on the message from the recipient bank, that they had written to the beneficiary several times to gain debit authority, but they had no response from the beneficiary, and they advised the remitter (Mr P) to contact the beneficiary directly. So HSBC did chase up the recall on a number of occasions across a number of months, but unfortunately they either didn't receive a response, or they were told debit authority was being sought. So I'm satisfied that HSBC were entitled to charge Mr P the £25 recall fee, even though they were unable to successfully get his money back. They set out in their terms and conditions that this may not be successful but there would be a fee to cover their costs. So I won't be asking HSBC to refund this fee.

I am satisfied that the payment made on 4 August 2021 reached the intended account and the beneficiary received this money. I say this because the recipient bank wouldn't have written to the recipient several times to debit the account if the funds hadn't credited the

account. Mr P may want to follow this up with the beneficiary directly to obtain his funds. Ultimately, HSBC sent the funds as instructed and as per their terms and conditions, they can't be held liable if there is incorrect information given with an account number – albeit on this occasion, the recipient bank did credit the funds to the correct account. So while I have a lot of sympathy for the position Mr P has found himself in, I'm persuaded this would be a civil matter for Mr P to take up with the beneficiary as they are the ones which have not responded to the recipient bank's request to refund the money.

But I do think that HSBC have let Mr P down on occasion here. I say this because it appears that he was told the payment would automatically bounce back. And while this may happen, it didn't happen here. And while HSBC would not be responsible for the recipient bank's actions, they should have explained to Mr P the different scenarios of what could have happened, or at least reiterate to him what their terms say about incorrect payments. In addition, HSBC received a message on 16 March 2022 that the recall was unsuccessful and to advise Mr P to contact the beneficiary. But HSBC didn't inform Mr P of this. It was only on 6 April 2022 when Mr P called HSBC for an update that they informed him of this. So Mr P was inconvenienced for having to chase them up and it would have been distressing to find out that the funds weren't being automatically returned to him.

Our investigator suggested that £75 compensation, and a refund of the £25 (plus 8% simple interest) would be fair. But I'm not persuaded that this is sufficient for what happened. I don't agree that HSBC should refund the £25 fee (and therefore also not pay 8% simple interest on this fee), as they provided a service that they carried out for the fee, albeit this was unsuccessful. But I'm persuaded that £200 compensation is reasonable for what happened for not updating Mr P with the outcome of the recall request and the expectations they had set. So it follows I intend to ask HSBC to put things right.”

I invited both parties to let me have any further submissions before I reached a final decision. HSBC accepted the provisional decision. Mr P did not accept the provisional decision. I've listened to a phone call he had with our investigator where he made a number of points.

In summary, Mr P said he wouldn't have made a second payment if HSBC hadn't categorically confirmed to him that the original payment would be returned. He said they assured him that if he paid the £25 fee, they would be able to recall the money back. Mr P said he spoke to the intended beneficiary and they still say they have not received the original funds. He said he had made the same payment months earlier which contained the same incorrect account number and the payment went straight through and nobody mentioned a missing account number.

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 considered what Mr P has said about HSBC categorically confirming that the original payment would be returned and he wouldn't have made a second payment if they hadn't told him this. As I mentioned in my provisional decision, there is no call recording of this call and there are no notes to support what Mr P says he was told. So I can't evidence what exactly Mr P was told.

The evidence shows that the funds were credited by the recipient bank on 5 August 2021. So as Mr P says he rang HSBC on 5 or 6 August 2021, the funds may have already credited the recipient's account by the time he rang HSBC. As I said in my provisional decision, *“When the funds are sent by HSBC, they would have no sight or control over what happened*

to the funds". So they would not be aware that the funds had been credited to the account.

Mr P says that he only sent the funds again because HSBC told him the funds would be returned to him. As I mentioned in my provisional decision "*It is possible that due to an incorrect account number being entered, that this can often lead to the funds being returned*" so this would be a possibility. But here, it was the actions of the recipient bank – not HSBC UK – who credited the funds to the intended account even though the sent funds did not display the correct account number. And so I can't hold HSBC responsible for the recipient banks actions when they would have no control of the payment once it has been sent.

I've also considered what Mr P was told about the £25 fee to attempt to recall the funds. As I said in my provisional decision HSBC's terms do show that "*We'll try to help you get the money back but may not always be successful. We may charge you for our reasonable costs in trying to do so. We'll tell you at the time how much this will be.*" So HSBC do not guarantee that Mr P would be successful in getting the money back and that there would be reasonable costs in trying to get his money back. This is why there was a £25 fee in place for HSBC to initiate a recall of the funds". I documented their reasonable attempts to recall these funds, but ultimately the third party company he sent the money to didn't respond to their own banks request to refund the money.

There is no record that HSBC told Mr P to send the second payment. Mr P chose to send the second payment even though he hadn't received the first payment back yet. And based on what he has told us about a previous payment he had made to the beneficiary, he would have been aware at the point that he sent the second payment that a previous payment he made months earlier – which had the same incorrect account number – did reach the third party. So he ought to have been reasonably aware that regardless of what HSBC did or didn't tell him, that this payment could also reach the recipient's account, like it did when a previous payment with the same incorrect details was successful. And therefore I'm persuaded it would have been proportionate for him to wait for the funds to be credited back to his account before initiating the second payment (although in this instance the second payment wouldn't have been necessary as the evidence shows the funds credited the beneficiary's account on 5 August 2021).

The recipient bank have provided the reference number for the credit into the recipients account. Our investigator has sent this reference number to Mr P so he can follow this up with the third party company, who can investigate with their own bank. In my provisional decision I also said that "*the recipient bank wouldn't have written to the recipient several times to debit the account if the funds hadn't credited the account*". So again, I'm satisfied that the funds did credit the account, despite what they have said to Mr P.

In summary, Mr P's response hasn't changed my view and my final decision and reasoning remains the same as in my provisional decision. I know Mr P will be disappointed, but I hope he understands my reasons.

Putting things right

In my provisional decision I said I intend to uphold this complaint in part. I said I intend to ask HSBC UK Bank Plc to pay Mr P £200 for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint in part. HSBC UK Bank Plc should pay Mr P £200 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 25 May 2023.

Gregory Sloanes
Ombudsman