DRN-4196833

The complaint

A pension scheme trust which I'll call 'G' complains that HSBC UK Bank Plc didn't set up their online account correctly which caused them a financial loss.

The complaint is brought on G's behalf by their trustees Mr G and Mrs G.

What happened

Mr G had existing online platform access which allowed him to carry out transactions for three HSBC accounts; his business, an estate account for an entity which I'll call 'C' who collected rent on G's behalf which would then be transferred to G's pension scheme account, and G's pension scheme account, from which funds were transferred for investment purposes for the pension scheme itself.

Mr G sold the business in June 2020. So he contacted HSBC to request that G and C's accounts were removed from the existing HSBCnet business' platform as they would no longer be linked to the business and new HSBCnet access for those accounts. G requested new HSBCnet access as this provided the option required for their actuary to log in separately and co-authorise any transactions requested by the scheme, in line with the pension scheme rules. HSBC said this was an expensive option and recommended G have Business Internet Banking ('BIB') instead. On 30 July 2020, Mr G applied as suggested and explained that he'd had to travel abroad and wouldn't be able to provide any other contact details at that time.

On 19 August, HSBC said it couldn't process G's application as it needed confirmation from their trustees that Mr G could release payments without co-authorisation and an updated mandate. The new mandate was received on 9 September and shortly after, HSBC set up the internet banking access and noted on its system that G's transactions needed two signatories to authorise transactions. However, on the same day, HSBC wrote to G to say it intended to restrict their account on the basis they hadn't made any payments for twelve months.

In mid-September, the security fob for G's BIB account was sent to one of their trustees and Mr G was made aware by the bank that he had sole authority to undertake transactions on G's behalf. Mr G explained to HSBC that this wasn't in line with the pension scheme rules and requested G's accounts be moved from BIB to HSBCnet as originally requested. G's accounts remained restricted during this time until early December when Mr G spoke to HSBC and explained why G couldn't make any transactions.

Mr G went abroad for the second time in December 2020 and was unable to return until June 2021 due to restrictions caused by the Covid pandemic. Shortly after returning, Mr G complained to HSBC that he'd only received HSBCnet access in July, so he hadn't been able access C and G's accounts for over seven months, which meant G couldn't make its planned investment and had incurred a loss of around £39,000. He also said he'd only been made aware in June that there were cheque books for the accounts, which had not only been sent to the old business address, but when he'd used them as instructed, one had been referred several times and the other had simply been rejected.

HSBC upheld the complaint in part. It said its service had been below the level G should have received and offered £250 compensation for the inconvenience caused. However, the bank said it didn't think it had done anything wrong when it had processed G's cheques. HSBC also said it wasn't responsible for G's investment loss as it had written to the trustees in December to say the HSBCnet account was active. It also said G could've written cheques or gone into a branch to make their investments.

Mr G didn't agree. He said he'd been in regular contact with HSBC, and it hadn't made him aware prior to July that the HSBCnet access was set up, or that there was a cheque book linked to the accounts as he'd thought they were only online accounts. He also said HSBC were aware that he was abroad so it should have contacted him in a different way to let him know he could access G's funds. So he asked this service to look into G's complaint.

Our investigator recommended the complaint be upheld and thought that HSBC should pay a further £250 compensation and refund G's investment loss. She said that HSBC had provided limited evidence about the complaint despite numerous requests. She said HSBC told us G's HSBCnet account had been set up on 17 December, but there was no evidence that they had been made aware of this or that G had accessed the system prior to July – so they were without account access for seven months. She also thought there was sufficient evidence to show G would have invested their funds if they'd had access to them and that G hadn't been made aware by the bank, they could make payments using other methods.

G agreed with the investigators view but HSBC didn't. It said G had been given access to their online accounts in December and asked for an ombudsman to review the complaint.

I issued a provisional decision on 2 June 2023. I said the following:

> 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 don't intend to make an award for G's financial loss and overall I think £500 compensation for the inconvenience caused is fair. I'll explain why.
>
> It's not disputed by either party that HSBC has caused inconvenience to G. I've seen that Mr G asked the bank to provide the pension scheme with new HSBCnet access - which is what he had previously - but the bank said this was expensive and recommended he apply for BIB instead. However, HSBC would have been aware that BIB was the incorrect product as it wouldn't ever have allowed G to make transactions which were compliant with their pension scheme requirements. I've seen internal notes from HSBC which show it was aware BIB wasn't a suitable option for the trust as the scheme restrictions required two signatories to authorise transactions – and BIB gave sole authority to Mr G. This caused an initial delay to G of several months.
>
> G then applied for HSBCnet access in around August 2020, but their account wasn't activated until July 2021 – nearly year later. I acknowledge HSBC says G was sent a standard confirmation email about their account access in mid-December 2020, but I'm not persuaded that's the case. I say that because despite numerous requests, the bank hasn't been able to provide any evidence that this email was sent. I've also seen that as soon as Mr G was aware in July that he could access G account he contacted HSBCnet and undertook transactions within a matter of days. Furthermore, I've seen an email from HSBCnet dated 7 July, asking Mr G for feedback 'now that [he] was set up'. This implies that G's account only became active in July 2021 – not December 2020. So I think G was caused inconvenience by HSBC's actions.

However, I don't think the bank is responsible for G's investment loss. I say this because, it's not for me to fine or punish a business for a mistake and when looking at a consequential loss, I need to take into consideration what the complainant or in this case trustees did to mitigate their losses. Mr G told us that G couldn't make their planned investment without HSBCnet access, but I'm not persuaded that's the case as he had access to a cheque book for the accounts. Mr G initially said that he wasn't aware of these as he thought the account was internet only but was then made aware they'd been sent to his previous business address. However, I've seen evidence that G had previously issued cheques in 2018 and in November 2020, Mr G emailed the actuary about making a cheque payment for G. So I think it's reasonable to believe that the investment could have been made using this method of payment.

I acknowledge that Mr G says he wouldn't have taken G's chequebook abroad with him. However, given the delay that had taken place with the HSBCnet access, I think it's reasonable to believe that Mr G could have issued a cheque before he left – given his obligation as a trustee, made further payments whilst he was abroad or passed the chequebook to the actuary to oversee in his absence to ensure that G's transactions were made as planned. I recognise Mr G was abroad for around six months, and this would have caused some difficulty in obtaining both signatures to make the payments by cheque, however his location would still have allowed for post to be accessed in both directions and therefore for G to make its investments as planned.

Mr G also said that he was unable to undertake transactions because he didn't know the balance on the accounts and that he'd made it clear to HSBC that he would be going abroad. However, I've reviewed the emails from both parties, and I can see that Mr G was in regular contact with HSBC between October and early December and was provided with various information about G's account. So I think it's reasonable to believe that he could have requested the balance information during this time to allow G to make its planned investment.

Looking at the emails, I also haven't seen any evidence that Mr G made HSBC aware at any point that G needed to make an investment or that he was going abroad on the second occasion in December 2020 – only that he needed the online access. I also haven't seen any evidence that Mr G or the actuary contacted HSBC by email or phone from 6 December onwards until June 2021 to explain G's position or make the bank aware that they needed to make an investment. So I also don't think HSBC was given a reasonable opportunity to assist G and therefore mitigate the impact of its error.

I recognise that Mr G feels strongly about this, and he'll be disappointed with my decision as he believes HSBC should cover G's investment loss. But based on everything I've seen, I don't think that's fair so, I won't be asking it to cover that loss. However, I think HSBC did cause G inconvenience by not providing G with the correct online platform for around twelve months which meant Mr G had to repeatedly contact the bank to resolve this. So to put things right I think HSBC should increase the compensation offered by £250 bringing the total to £500.

I invited G and HSBC to give me any more evidence and information they wanted me to consider before issuing my final decision. HSBC accepted the decision and had nothing further to add other. G didn't accept the decision, they said in summary:

- Mr G wasn't aware of a cheque book until July 2021 and therefore he couldn't take it abroad with him, this is also the reason he didn't pay a VAT bill which was due. It may have been a previous trustee had issued the cheque in 2018 as the cheque book which had been located at the previous business address in July was unused.

- Mr G spoke to G's relationship manager who was aware they couldn't access their accounts and said they couldn't do anything to help, nor did they make him aware there was a cheque book he could use.

- Mr G left the UK in December 2020, but he didn't initially intend to remain abroad until June 2021.However, he'd made HSBC aware of the urgency of needing HSBCnet access by email, but he no longer had access to the emails, and despite repeated requests HSBC hadn't provided copies.

- HSBC didn't make Mr G aware until July 2021 that G's account was active, and that there was a cheque book he could use to make payments. However, even if he had been made aware in December 2020, this was still a delay of six months which was unreasonable and led to G's losses.

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've reached the same conclusion as I did in my provisional decision. I'll explain why.

Mr G maintains that he wasn't aware of the cheque book and that the previous cheque issued by G may have been issued by another trustee. He also says that he made HSBC aware of the urgency of providing access to G's account and that his relationship manager was unable to help. It's difficult for me to reconcile G's versions of events here, given that there are references to cheque's being issued to make payments, and which of the trustees may have issued the original cheque in 2018. However, even if I discounted that G had access to a cheque book and could have made payments in this way, I still think they could have mitigated the losses they are complaining about.

I recognise that Mr G says he made the bank aware of the urgency of having HSBCnet access, however I haven't seen any evidence of this within any of the emails which have been provided by either party. Mr G believes HSBC have withheld this information despite numerous requests, but I'm not persuaded that's the case here. I accept that it's possible there were other emails between both parties, but I think it's unlikely the bank hasn't disclosed these as it is obligated to comply with the service's request for information. Furthermore, a large number of emails have been provided to this service, but none of them mention there has been or will be a significant impact on G from the delays in providing the HSBCnet access.

So I'm not persuaded that HSBC were aware G needed to make an urgent investment - or the VAT payment which Mr G has also mentioned. Nor was it aware that by not providing the log on details or facilitating an alternative for G to make these payments, it was foreseeable to the bank that the trust would incur a financial loss. I also think it's reasonable to believe that if there was such a significant impact on G, that the trustees would have consistently made the bank aware of this. However, I haven't seen any evidence G contacted HSBC between December 2020 and June 2021.

I acknowledge Mr G says he wasn't intending to stay abroad during that time. But, given where Mr G says he was located abroad, I think it's reasonable to believe he could have contacted the bank during that six-month period, or alternatively the actuary who was still in the UK could have done so on G's behalf. Had they done so, I think it's likely HSBC would have told them that the access had been provided in December and it had been able to resolve the issue G says it was experiencing.

Mr G says that the delay in accessing G's account caused by HSBC was unreasonable, and I agree that the bank's service could have been better. So I have taken this into consideration when making my award for the inconvenience caused to G. However, I'm not persuaded that HSBC is responsible for the financial loss G says it has been caused. So I won't be asking the bank to take any further action on this complaint point.

Putting things right

I think it's clear that HSBC handling of G's online banking application and its subsequent actions caused them inconvenience. To put things right I think HSBC should pay G a further £250 compensation in addition to the £250 it has already offered, bringing the total to £500.

My final decision

My final decision is that I uphold this complaint. I instruct HSBC UK Bank Plc to pay G an additional £250 in compensation for the inconvenience caused. If it has not already done so, I also order it to pay the £250 it has already offered – bringing the total payment to £500.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 4 August 2023.

Jenny Lomax
Ombudsman