

The complaint

Mr S is unhappy that HSBC UK Bank Plc won't reimburse money he lost through spread betting.

What happened

Mr S opened a HSBC credit account and used it to transfer money to a financial spread betting account. Mr S later complained to HSBC because he felt that they shouldn't have allowed him to make transfers to a financial spread betting account and should therefore reimburse the transferred money to him.

HSBC responded to Mr S and explained that while they do block transfers from credit accounts to gambling accounts, spread betting isn't classified as gambling and the merchant code for the companies to which Mr S transferred the money weren't gambling merchant codes. Because of this, HSBC didn't feel they'd done anything wrong by allowing Mr S to make the transfers from his credit account that he had, and so declined to reimburse those transfer amounts to him.

Mr S wasn't satisfied with HSBC's response, especially as a HSBC press release stated that HSBC would prevent transfers from credit accounts to spread betting accounts. So, he referred his complaint to this service.

One of our investigators looked at this complaint. During their investigation, HSBC reiterated that they didn't feel they'd done anything wrong by allowing Mr S to make the transfers from his account. But they did acknowledge that their press release had been incorrectly worded and that they'd taken longer than they would have liked to assess Mr S's concerns, and they offered to make a payment of £150 to Mr S as compensation for this.

After completing their review of this complaint, our investigator didn't feel HSBC had acted unfairly in how they'd managed the situation and felt that the £150 offer of compensation offer by HSBC for the length of their complaint assessment was fair. Mr S remained dissatisfied, so the matter was escalated to an ombudsman for a 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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

Mr S feels that because HSBC's press release included that HSBC would block all transfers from credit accounts to spread betting accounts, that HSBC should reimburse him all the

money he was able to transfer from his HSBC credit account to his spread betting account.

It's now acknowledged by HSBC that the press release Mr S refers to here was incorrectly worded. HSBC have now corrected this to reflect the true position of what types of transfer they won't allow to be made from a credit account.

HSBC have confirmed that they won't allow transfers to gambling accounts from credit accounts. And HSBC have further explained that the mechanism by which this is enforced is based on the merchant code of the company to which the transfer is being instructed – with transfers to companies with a gambling merchant code not being allowed.

But financial spread betting isn't categorised as gambling, and this means that the merchant codes for spread betting firms isn't a gambling merchant code – and in turn this means that HSBC will allow transfers to such companies from credit accounts to complete.

I can appreciate that Mr S is unhappy that HSBC's press release was worded incorrectly. But I don't feel that the incorrect wording of that press release means that HSBC should fairly be instructed to reimburse the transfers that Mr S made to spread betting firms as he would like.

There are several reasons for this. These include that Mr S opened his HSBC credit account in August 2022, and in that month made four transfers to his spread betting account. As such, I feel it reasonably should have been evident to Mr S from that month that HSBC weren't blocking the transfers he was making to his spread betting account. And I feel that if Mr S wasn't happy about this, he could have contacted HSBC about the matter at that time.

Notably, the account statements appear to show that Mr S didn't make further transfers to a spread betting account until the turn of the new year, several months after he opened his HSBC credit account and made the initial transfers. And I feel that this large gap between transfers to spread betting accounts gave Mr S ample time to raise any concerns he might have had at that time with HSBC before he made further transfers.

Additionally, it doesn't seem unreasonable to me that HSBC would allow the transfers to complete, given that spread betting isn't categorised as gambling, as discussed above. And while it could be argued that transfers to spread betting companies should be considered as high-risk transactions, the terms of the HSBC credit account – to which Mr S agreed when he opened the account – include that HSBC won't be responsible if an account holder suffers any loss because HSBC haven't refused a gambling or other high-risk transaction.

I feel that this last point illustrates that by blocking transfers from credit accounts to gambling firms, HSBC are attempting to provide assistance to their account holders. And it isn't the case that HSBC are accepting full responsibility for the losses their customers may incur.

This seems both fair and reasonable to me, not least because it was Mr S who made numerous transfers to his spread betting accounts from his HSBC credit account over the space of several months. And, ultimately, in consideration of the circumstances of this complaint, I feel that it's Mr S and not HSBC who should be responsible for any losses that he incurred as a result.

Mr S has raised concerns of a regulatory nature surrounding the incorrectly worded press release. But this service isn't a regulatory body, and our investigator has already referred Mr S to the relevant regulatory body – the Financial Conduct Authority – should Mr S want to notify them of his concerns.

Finally, I note that HSBC have offered to pay £150 Mr S as compensation for the upset and

worry he may have incurred because of their taking longer than they would have liked to investigate his complaint. This seems fair to me, given that the compensation is only being offered regarding the length of HSBC's investigation and not in regard to any other aspect of Mr S's complaint.

All of which means that, while I will be upholding this complaint in Mr S's favour, I'll only be doing so on a limited basis to instruct HSBC to pay the £150 compensation to Mr S that they've already offered to pay. And I won't be upholding any further aspect of Mr S's complaint or instructing HSBC to take any action beyond this £150 payment.

I realise this won't be the outcome Mr S was wanting, but I hope he'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

HSBC must make a payment of £150 to Mr S.

My final decision

My final decision is that I uphold this complaint against HSBC UK Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 1 January 2024.

Paul Cooper
Ombudsman