

The complaint

Miss H complains about the way that HSBC UK Bank Plc trading as HSBC UK dealt with her application for a balance transfer to a new credit card she had set up with it.

What happened

In early June 2023, Miss H applied for a credit card with HSBC. At the same time she applied for two balance transfers to take place from two other credit cards. She later contacted HSBC to ask why she hadn't received any communication or welcome pack, only the card and a PIN. She also wasn't able to access her account online. She queried the balance transfers and discovered that only one such transfer had taken place, for £921.37 (this included the balance transfer fee). The second transfer, of over £6,000, had not taken place, apparently because the full credit card number had not been supplied.

Miss H made a number of telephone calls to HSBC in June and July 2023. During several of those calls the line either disconnected or she was made to wait for a very long time. During one such call the adviser attempted to carry out the balance transfer but the line disconnected and Miss H was not called back.

HSBC investigated Miss H's complaints and following a telephone conversation and a final response letter of 3 July 2023, it acknowledged that she had received a very poor service and that the bank had made a number of errors. It offered to pay her compensation by paying off the £921.37 balance on the first credit card. This was intended as compensation to refund the two interest payments she had now incurred on her second credit card (of just over £300). The balance was to reflect the distress and inconvenience she had suffered. It advised Miss H that it was still prepared to carry out the balance transfer.

On referral to the Financial Ombudsman Service, our Investigator said that HSBC had adequately compensated Miss H.

Miss H did not think that the compensation was sufficient. She pointed out that the compensation offered was to clear the balance on a credit card and did not take account of the financial losses she had made on the other credit card. She also advised that it had caused her health problems and that the time she had spent on the telephone to HSBC had caused her to lose her job. She further said that her credit rating had gone down substantially and that she still hadn't received a welcome pack, that the balance transfer had still not taken place, and that she still did not have access to her account.

Miss H also pointed out that she had made a subject access request under the Data Protection Act to HSBC which it had not complied with. She said that she had not made an error with entering her credit card number in her original application and that HSBC should be required to investigate this.

Our Investigator responded that his opinion remained unchanged, and that he was satisfied that HSBC's offer was fair and reasonable.

hat 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.

failure to send welcome e-mail and failure to provide access to the new account

Miss H applied for the credit card in early June 2023. She applied to carry out the balance transfers but received no acknowledgement of them nor any welcome e-mail. All she received was the card and a PIN. She contacted HSBC about this on 9 June 2023. During the course of that conversation she apparently was able to set up a telephone security code which should have allowed her access to her account.

HSBC said that it did send out the welcome e-mail but for some reason Miss H didn't receive it. Miss H says she still has not received it. As she is able to communicate perfectly well by e-mail with the Financial Ombudsman Service, she must be able to receive emails, and it does appear that she received later emails from HSBC. However, unless there is a general problem with customers receiving emails, I can't see that further investigation by HSBC would be of any use.

Miss H does need access to her account. If she no longer has the security code which was apparently set up on 9 June 2023, I would urge her to contact HSBC to get a new code.

failure to set up balance transfer

HSBC acknowledged that the second balance transfer which Miss H applied to make, did not take place. The apparent reason for this is that in the application only 12 digits of the 16 digit number were supplied. I understand Miss H's point that the application should have been rejected there and then. However HSBC has persisted in saying that the application could not proceed because of an incomplete number. Since I don't know what the actual position was I can't make a finding about it.

However, HSBC has acknowledged that it did not tell Miss H that the transfer had not gone through, and as she told it about a week later that she had not received any emails from it, this was a serious error on its part.

In a long telephone call on the 26 June, the adviser started to set up the transfer for Miss H again. She pointed out that the balance had increased but the adviser did take that into account. For some reason the call disconnected before the transfer could go through, although from listening to that call I think that Miss H would have been justified in believing it had gone through. There is a note on HSBC's file which indicates that the transfer could not be completed, although it did say that this would be done if Miss H called back.

So whilst I can't say that HSBC was responsible for the transfer not going through in the first place, I do think that it should have contacted Miss H to ensure that the transfer went through. Having said that I note that in its final response letter of 3 July, HSBC did ask Miss H to get back in touch if she wanted to process the transfer again, and Miss H does not appear to have responded to that. In order to stop interest running on her old credit card, I would urge her to get in touch with HSBC to get the transfer done.

telephone calls made

There were 12 telephone calls Miss H and HSBC between 9 June 2023 and 3 July 2023. Some of those calls were very lengthy, because Miss H was put on hold while the adviser consulted with other members of staff or investigated records. The first call had to be

disconnected because of distortion from HSBC 's end. I'm satisfied generally that Miss H had good reason to make the calls, so I think she was significantly inconvenienced.

compensation

HSBC has offered by way of compensation, to clear the balance on Miss H's first credit card, of £921.37. To be clear this balance transfer went through immediately, so there is no complaint about it. In its final response letter, HSBC made clear that the payment was to compensate Miss H for the then outstanding two payments of interest, totalling £305.30. The balance was to compensate her for distress and inconvenience.

I appreciate that Miss H says that she has now incurred further interest payments. However HSBC did offer to process the balance transfer in its letter of 3 July 2023. As I have said above, I would urge Miss H to get in touch with HSBC to get the balance transfer processed, whether or not she accepts my decision.

So in considering compensation, I should take into account that HSBC offered a payment of just over £600 for distress and inconvenience. I think to have a credit card balance cleared is of substantial benefit to Miss H. She has been advised by our Investigator of our approach to awards of compensation. And she would have seen that an award of over £300 and up to £750 is appropriate where the impact of a mistake has caused considerable distress, upset and worry and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. So I think that the compensation offered is fair and reasonable.

Miss H said to HSBC that she wanted the compensation to clear the balance on her second credit card of £6,000, but I don't think that's proportionate.

I have taken into account that this Miss H significant anxiety and stress. I'm very sorry Miss H lost her job but I can't say that HSBC 's conduct of the matter caused this to happen.

subject access request

I appreciate that Miss H has made a subject access request to HSBC. However this was after its final response letter to her so it has not been raised as a complaint. In any event, as Miss H is aware, complaints about such requests should be made to the Information Commissioner's Office.

My final decision

HSBC has already made an offer to pay £921.37 to clear the balance on one of Miss H's credit cards to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that HSBC UK Bank Plc trading as HSBC UK should pay Miss H £921.37 to clear the balance on the relevant credit card.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 26 October 2023.

Ray Lawley
Ombudsman