

## **The complaint**

A limited company, that I will refer to as W, complains about the temporary removal of the overdraft facility provided by its HSBC UK Bank Plc business account.

Mr K, a director of W, brings this complaint on W's behalf.

## **What happened**

The following is intended only as a brief summary of events. W holds a HSBC bank account which had a £10,000 overdraft facility. W was operating within this facility when, in January 2022, HSBC mistakenly removed this facility.

W discovered this issue just under two weeks later, when attempting to pay its staff, and Mr K contacted HSBC to resolve the problem. Mr K was informed that the issue could take several weeks to be resolved. In the end, it took just under one more week for the overdraft facility to be restored – though it doesn't seem W was immediately aware of this. W also then had to order a new debit card.

Mr K complained about this to HSBC, saying that the issues with the account had meant W had lost high value clients and contracts. HSBC accepted that it had made a mistake when removing the overdraft, so it refunded interest charged on the account, corrected its credit file records, and offered W £250 in compensation. Mr K was not happy with this and brought W's complaint to the Financial Ombudsman Service. He said HSBC should pay W compensation of at least £150,000 and also compensate him personally for the impact on him as an individual.

Our Investigator did not think the complaint should be upheld though. She thought the redress offered by HSBC was enough and that W had not shown the situation was the cause of it losing its largest customer. Mr K remained unsatisfied and W's complaint was passed to me for a decision.

Having considered the evidence available, I was not satisfied that HSBC had done enough in the circumstances. I thought the inconvenience caused to W by the removal of its overdraft, which effectively suspended its account, warranted more than £250 in compensation. However, I explained that I thought this should be limited to £600 in total (£250 offered plus £350). I was not satisfied that W had demonstrated the consequential loss it was claiming for.

W had said that it had lost a number of customers and provided some emails to support this. However, the emails relating to one of these customers predated the removal of the overdraft, so I explained that I did not think the banking problems were the cause of any issue with this customer.

The issues W had with a second customer, apparently its biggest client, also appeared to have started prior to the overdraft being removed. And whilst this contract was apparently not continued, I did not think it was clear that this had been caused by the banking problems.

I also queried whether W and its directors had done enough to mitigate the impact of the overdraft being removed. Mr K had explained that one of the biggest problems was that W hadn't been able to pay for software crucial to its operation. But I didn't think it had been shown that attempts to mitigate this had been made.

Lastly, I explained that, as W and Mr K are two separate legal entities, I was not able to consider the personal impact on Mr K as part of this complaint. The complainant here is W and it is the impact on W that I need to think about.

HSBC agreed to increase the compensation to £600 in total. However, although I explained my provisional thinking to Mr K and asked him to respond with any further comments or evidence, I did not receive anything further from him or W.

### **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, taking into account that W has not provided any further evidence, I have come to the same conclusions as I have previously explained.

HSBC has admitted it was at fault for the removal over the overdraft. As W was operating within this facility it is clear that this would have had a detrimental impact on W. However, W and Mr K have not persuaded me that this impact included the loss of W's clients.

I do appreciate that when Mr K was informed it might take several weeks for the problem to be resolved, this would have caused some potential issues. W would have needed to consider whether it was able to provide the services it had been contracted for. But I am not persuaded that any loss of W's clients was the result of the banking problems. It is clear from the evidence provided that, prior to these issues, W had already lost one client and that its biggest client was raising concerns about the timeliness of product delivery. I have also seen no evidence that attempts to mitigate the potential software problems were made. So I am unable to fairly and reasonably require HSBC to compensate W for the loss of these clients.

It is though clear that W would have suffered a level of inconvenience that merits compensation greater than £250. And I consider that £600 in total is the appropriate level of compensation for the issues experienced.

### **Putting things right**

HSBC UK Bank Plc should pay W £600 in compensation.

### **My final decision**

My final decision is to uphold this complaint. HSBC UK Bank Plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 28 December 2023.

Sam Thomas  
**Ombudsman**