

The complaint

Mr T1 complains that HSBC UK Bank Plc didn't honour a cheque issued on his account.

Mr T1 is represented in this complaint by a family member - Mr T2, who has also complained about the service he received from HSBC.

What happened

Mr T1 holds an account with HSBC. In early 2023, he issued a cheque from this account for £20,000 in favour of an Individual Savings Account (ISA) with another business. But when the cheque was presented for payment, HSBC didn't honour it.

HSBC says that the signature on the cheque didn't match that held on its records for Mr T1. It called Mr T1 in relation to the cheque - to confirm whether he had signed it, but it was unable to speak to him. Mr T2 answered the call, but HSBC says that it didn't hold an authority - for example, a third-party mandate or power of attorney (POA) at the time, to enable it discuss Mr T1's account with anybody else.

But Mr T2 says that HSBC was aware from mid-2022 that there was a discrepancy with Mr T1's signature due to ill health. He says HSBC initially suggested a POA, but this wasn't suitable as Mr T1 could act independently, although he couldn't attend a branch to sign a new mandate as he was housebound. But by the time this cheque was presented, the matter hadn't been resolved. Mr T2 says that had HSBC been more proactive or made reasonable adjustments in 2022 the issue surrounding this cheque wouldn't have happened. He added that, in the interim period, HSBC had honoured other cheques Mr T1 had issued.

Mr T2 is also unhappy with how the call he answered and subsequent calls he had with HSBC were handled - in particular, that a manager call-back he'd requested didn't happen.

One of investigators looked into it but he didn't uphold the complaint. He didn't think HSBC had acted incorrectly when it didn't honour the cheque. He noted the signature on the cheque was completely different to that held on HSBC's records and that HSBC had been unable to verify the cheque directly with Mr T1. He acknowledged that HSBC had honoured other cheques that Mr T1 had issued. But he thought the cheque in dispute had been picked up on HSBC's system due to its high value.

He added that this service couldn't consider Mr T2's complaint about the service he'd received on the telephone as he wasn't a HSBC customer, so he wasn't an eligible complainant under our rules.

Mr T2 didn't accept this outcome. He reiterated that HSBC had done very little in 2022 when it was aware of the discrepancy between Mr T1's signature and that held on its records. He added that when HSBC was unable to reach Mr T1 when the cheque was presented, the processing centre contacted the branch, but it didn't reply and the promised call back to him was not received. He also said that other issues had arisen since this complaint had been raised which he had since raised with HSBC.

The investigator considered what Mr T2 had said but he wasn't minded to change the outcome he had originally reached. He said that it was the account holder responsibility to ensure HSBC held updated records of his signature. And that he couldn't comment on the latest issue that had been raised with HSBC.

As agreement wasn't reached the complaint has come to me 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've reached the same overall conclusion as the investigator and for broadly the same reasons. It's clear Mr T2 will be disappointed as I've seen how strongly he feels that HSBC has acted unfairly – not only in relation to the cheque payment, but also in its dealings with him personally. So, I'll explain why.

Mr T1 has made several points when bringing this complaint to this service. But I will focus on the issues which are - in my opinion - relevant to reaching a fair outcome to this complaint. This isn't meant as a discourtesy. It reflects the informal nature of our service.

The complaint referred to this service is broadly in two parts. In summary: HSBC not honouring the cheque Mr T1 issued on his account, and the service Mr T2 received during subsequent phone calls. I will deal with each issue separately.

Customer Service

Mr T2 is unhappy about how HSBC dealt with him during several telephone calls which flowed from the initial call HSBC made when attempting to contact Mr T1. This includes – several points about the general poor handling of the telephone calls, a promised call back not being made, and that HSBC broke the law – specifically GDPR, when it failed to act on a telephone DSAR request.

We are not free to consider every complaint we receive. We can only consider complaints that fall within the rules set out in the Dispute Resolution ("DISP") section of the Financial Conduct Authority's handbook. These rules (at DISP 2.7) say:

"A complaint may only be dealt with under the Financial Ombudsman Service if it is brought by or on behalf of an eligible complainant."

The rules (at DISP 2.7.6) also say:

"To be an eligible complainant a person must also have a complaint which arises from matters relevant to one or more of the following relationships with the respondent: (1) The complainant is (or was) a customer, payment service user or electronic money holder of the respondent."

Mr T2 is not a customer of HSBC. His interaction with HSBC in respect of this complaint flow directly from an issue arising on Mr T1's account. As such, Mr T2's complaint about the service he personally received is not a complaint I can consider.

HSBC not honouring Mr T1's cheque

Mr T1 is a customer of HSBC. And we can look into what happened. While I can't comment specifically on the complaint Mr T2 has raised about the calls between him and HSBC, I will refer to the calls in so much as they relate to the crux of Mr T1's complaint.

In deciding this complaint, I've considered a number of things including Mr T2's testimony, a copy of the cheque Mr T1 issued, HSBC's signature mandate, the transaction history seen through Mr T1 account and the account terms and conditions.

HSBC's account terms and conditions say that it can make checks to ensure a payment instruction comes from the account holder. But as the investigator explained, HSBC isn't required to check every payment a customer makes. Generally speaking, I would expect a bank to be looking at any payments that are out of character for the account usage. And looking at the Mr T1's account usage the cheque in dispute is for a higher amount than other payments usually made through the account. So, I'm not persuaded that HSBC did anything wrong when it honoured other lower value payments made by Mr T1.

And I'm satisfied the signature on the cheque and HSBC's records do not match. Given this, and because the cheque was for a significantly higher amount than that is generally seen through Mr T1's account, I find that it was reasonable for HSBC to have some concerns about the payment instruction to the extent it wanted to verify this payment with Mr T1.

It's not in dispute that HSBC attempted to contact Mr T1 on the contact number it held for him – this is what I would expect it to do. Mr T2 has told us that Mr T1 was able to deal with his account independently. And I'm persuaded that had Mr T1 been able to talk to HSBC on the phone at this point, I think it's most likely that he would have confirmed that he had issued the cheque and HSBC would have processed the cheque.

But the call was answered by Mr T2 who said Mr T1 was unavailable. HSBC has said that it didn't hold authority from Mr T1 to deal with anyone but him in relation to his account. And I've haven't seen anything to suggest this was incorrect at the time. As HSBC was unable to verify the cheque with Mr T1, the cheque wasn't honoured. I consider this to be reasonable given such decisions need to be made quickly.

I acknowledge that in this call Mr T2 asked to speak to a manager and although the HSBC said a manager would call back, it's not in dispute this didn't happen. I also note that HSBC said that it contacted Mr T1's branch on the same day but it didn't respond. I've thought about these points, but it's difficult to know with any certainty what would have been discussed or what would have happened next had that call taken place or the branch had responded to the processing centre. In these circumstances, I'm required to reach a decision on the balance of probabilities - what I think would have most likely happened given what I do know.

As mentioned above, HSBC didn't hold an authority to discuss Mr T1's account with Mr T2. So, I think it's most likely that had the call back been made to Mr T2, HSBC would have explained that it was unable to discuss Mr T1's account with him. It's not clear to me the purpose of the contact with the branch. But Mr T2 has told us that Mr T1 was housebound, so I think it's unlikely the branch had a relationship with Mr T1 that meant it would have been able to shed any further light on whether Mr T1 had signed the cheque. So, I'm not persuaded that a branch response or a call back would have resulted in the cheque being honoured. Overall, I'm not persuaded that HSBC is responsible for Mr T1's cheque not being honoured. I find HSBC followed its procedures to verify the authenticity of the cheque but was unable to do so.

I've thought about what Mr T2 has said about HSBC being aware of the signature discrepancy before the cheque was issued and that it should have been more proactive in resolving the issue. But I'm persuaded it's for an account holder to keep a bank updated with any changes to their details including any change in their signature. But from what I've seen, HSBC did make some suggestions – for example, setting up a third-party authority on

Mr T1's account. But I've not seen anything to suggest this was taken forward before this cheque was issued.

And, in any event, I've noted that following the complaint HSBC made arrangement for Mr T1 to make the payment he wanted via two separate £10,000 transfers. From what I've seen, it seems that Mr T1 only authorised one payment, but I'm persuaded he could have made the two transfers had he chosen to do so. Overall, I think this was fair and reasonable outcome as it allowed Mr T1 to make a payment he wanted to make.

I've seen Mr T2 has told us there have been ongoing issues since the events mentioned above. As that complaint is ongoing with HSBC. I can't comment on it as part of this complaint. But ultimately if Mr T2 is unhappy with the outcome of that complaint he may be able to refer those concerns to this service on Mr T1's behalf to be reviewed separately.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T1 to accept or reject my decision before 21 March 2024.

Sandra Greene
Ombudsman