

## **The complaint**

Mr S complains that HSBC UK Bank Plc delayed a foreign payment from his global money account and that communications about this matter were poor.

## **What happened**

Mr S made a payment from his HSBC global money account on 19 October 2023. When he became aware the payment hadn't reached the beneficiary, Mr S called HSBC on 30 October. HSBC started a payment trace and on 5 November it became aware the intermediary bank it uses required further information before it could consider releasing the funds to the beneficiary. After obtaining the information required from Mr S, HSBC provided the information to the intermediary bank. The funds were released to the beneficiary on 21 November.

Mr S, who is represented by his mother, complained to HSBC that the delay had caused him problems in enrolling into his university and that he had to fly home to add his mother as a third-party to his account. HSBC didn't uphold the complaint.

Mr S' representative brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought HSBC wasn't responsible for the delays in the payment reaching the intended beneficiary and that HSBC had taken appropriate and timely actions to trace the funds. The Investigator thought that as Mr S could have completed a third-party mandate and posted it to a branch of HSBC, there was no necessity for Mr S to fly home to do this.

Mr S asked that an Ombudsman decides the complaint.

## **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.

There are two elements to this complaint. The first is how HSBC dealt with the payment to the beneficiary, and the second is the requirement for Mr S' mother to be added as a third-party to his account. I will deal with them separately as I don't consider the addition of a third-party to the account is the crux of the complaint. The delayed payment had been resolved before the third-party mandate was considered.

I understand that Mr S and his representative will be disappointed, but for very much the same reasons as our Investigator I don't think HSBC did anything significantly wrong. I will now explain why.

### *Delayed payment*

Mr S believes HSBC should have told him that the payment had been rejected earlier than it did. However, HSBC makes it clear in its general terms and conditions that when it makes payments to beneficiaries outside of the UK, it may use an intermediary bank. This is what

happened in this case.

I understand why Mr S would have believed his payment had been sent as his account showed this to be the case. There's no dispute that HSBC sent the payment when it did, but HSBC wasn't aware that the payment had been delayed until Mr S told it the beneficiary hadn't received the money. I wouldn't expect HSBC to chase up a payment as its responsibility was to ensure the payment had been sent. Instead, I think it's the responsibility of the account holder to check the payment has been received. However, I would expect HSBC to respond promptly to a notification from the intermediary bank or Mr S that the payment hadn't been received. In this case, when Mr S told HSBC the payment hadn't been received, HSBC instigated a trace on the payment.

After the intermediary bank told HSBC it required further information before it could send on the payment, HSBC promptly advised Mr S of the information required. And when HSBC obtained the information from Mr S it sent it on to the beneficiary bank within a reasonable time. HSBC also chased the intermediary bank more than once, but the intermediary bank still required further internal checks before it would release the payment. HSBC kept Mr S up to date with what was happening and took steps to chase the payment. For example, on 17 November HSBC asked the beneficiary bank to repay the funds to Mr S if it couldn't send the funds on to the beneficiary. The payment was released shortly after this contact. HSBC took reasonable steps to not only trace the payment, but also chased up what was happening at the intermediary bank until the payment was made.

I'm therefore persuaded that it would be unreasonable and unfair for me to hold HSBC responsible for the delays caused by the intermediary bank. It's for the intermediary bank to decide what information it required to release the funds. I do understand this frustrated Mr S, but I'm satisfied HSBC did what I would expect it to do when it became aware the payment hadn't been received by the beneficiary, and that its actions didn't delay the payment.

#### *Poor communication*

The crux of this part of the complaint is that Mr S' representative believes HSBC should be responsible for the payment they made for Mr S' flight home to add a third-party to the account. For completeness, I'm satisfied the matter of the delayed payment had been resolved before a third-party mandate was put in place. Discussions about adding a third-party to the account were started in an attempt to find a solution to avoiding similar problems in the future.

Although Mr S was able to speak with HSBC on the telephone – through a call facilitated by his mother in the UK - HSBC told Mr S that as his mother wasn't a third-party to the account it couldn't discuss the matter with her. Mr S' representative says that the only way she could be added to the account was for Mr S to visit a branch, complete a third-party mandate, and verify his identity. Mr S' representative says that she had to pay for Mr S to fly home to complete this process and feels that HSBC should refund the cost.

The general terms and conditions of Mr S' account explain that adding a third-party to an account can be done in person at a branch, or a mandate can be downloaded, completed, and returned by post. And a guide to *"Third party access"* available from the HSBC website explains that *"Once completed, the mandate can be posted to any HSBC UK branch... Please note, we may contact you by phone and ask you to verify your identity with a standard security check. We'll then confirm that you're happy for the mandate to be issued before completing your request."*

Whilst I accept that shortly after the delayed payment had been dealt with, Mr S flew home, I'm not persuaded it was the only way in which a third-party mandate could be added to the

account. In the circumstances of this case, with Mr S residing abroad, I think it would be unreasonable and unfair for me to tell HSBC it must pay for the cost of Mr S' flights when a HSBC provides a cost-effective alternative way of adding a third-party to his account.

I've noted the third-party mandate was in place before HSBC provided a final response to this part of the complaint. HSBC's final response in this regard contained an error when it said it was unable to discuss the complaint with Mr S' mother. However, I'm satisfied that other records confirm the third-party mandate had been completed and was in place by this point. So, whilst I accept this error has irritated Mr S and his representative, I don't think it's significant enough for me to consider any remedy in this regard.

### **My final decision**

For the above reasons I've decided that HSBC UK Bank Plc isn't responsible for the delays in the payment reaching the beneficiary, that its communications during the delay were reasonable and that it's not responsible for the costs Mr S incurred when he returned to the UK to complete a third-party mandate on the account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 September 2024.

Paul Lawton  
**Ombudsman**