

## **The complaint**

Mr P complains about how HSBC UK Bank Plc handled a payment dispute he brought to it.

## **What happened**

The parties are familiar with the background facts of this case so I will summarise these briefly. It reflects my informal remit.

Mr P bought an item from a retailer (the 'supplier') in April 2023 using his HSBC debit card – but because it didn't arrive he called HSBC to raise a dispute.

Mr P says the dispute was handled poorly. In summary:

- He had trouble raising the initial dispute over the phone with HSBC – and received bad service during this call so had to raise it over online chat instead; and
- once the item was delivered he had trouble clarifying the status of the dispute with HSBC – he said he had to chase the matter for weeks over various methods including phone, emails, web chats and branch visit.

HSBC offered Mr P £200 compensation for issues with how it communicated with him.

Mr P wants more compensation for all the trouble the matter has caused him. Our investigator did not think more compensation was fairly due. Mr P has asked for the matter to be looked at for a final review by an ombudsman.

## **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.

I have considered the evidence submitted by the parties but I won't comment on it all – only the matters I consider key to resolving things fairly. This is not meant as a discourtesy but reflects my role resolving disputes informally.

I know Mr P thinks HSBC has not sent everything relating to his communication with it – however, we have asked HSBC to send us information and I can see it has sent us relevant calls, correspondence and chat logs. Overall, I consider I have sufficient information to make a fair decision here.

I don't think HSBC disputes that there have been failings in the way it handled things, but I know Mr P is not satisfied with the £200 compensation it has offered. So I have looked at what he has said and the evidence available to make a decision as to whether HSBC needs to do more.

I am sorry to hear about how the matter has impacted Mr P. However, it is important to note that HSBC are not a supplier of the goods in question here. Therefore, in considering what is fair I am looking at its role as a provider of financial services only. So I have considered what processes were available to HSBC to help Mr P with this claim.

#### *The initial dispute request*

I can see Mr P approached HSBC to raise a dispute as he had not received the goods from the supplier.

HSBC appears to have responded to this by initiating a chargeback process. Chargeback is a dispute process run by the card schemes, and while it is not guaranteed to succeed it is often good practice to raise one when requested by a customer.

I can see that when Mr P contacted HSBC in May 2023 it did raise a chargeback for him in order to try and recover his money. It appears to have used the relevant reason code relating to goods not being received. This in itself was a reasonable step to take and something that I can't fairly fault HSBC for.

However, I see Mr P had issues raising that chargeback. He has described the initial call he made to HSBC as being noisy (he says it sounded like there was a party going on in the background) and unproductive. He says he was on the call for about 40 minutes but wasn't getting anywhere and then got cut off. He says he had to then raise the dispute over the chat instead.

This sounds really frustrating. From what I can see HSBC has not supplied this call and in light of this and Mr P's credible testimony (and what he recounted to the agent in the chat log after this call – which I have seen) I accept what he says is likely correct. So I think any compensation needs to reflect the annoyance caused by this initial call.

#### *Getting updates on the chargeback*

Mr P says that a little while after raising the chargeback his goods turned up. So he wanted to update HSBC on the matter and felt this would ensure the chargeback process ended and the supplier got paid.

I think HSBC was not clear in explaining the chargeback process. Which meant Mr P continued to believe HSBC had frozen the supplier's funds and had to act to unfreeze these. However, my understanding is that HSBC was not in control of directly 'freezing' the funds the supplier had access to – that would be its own bank (if it chose to do this). HSBC's role was issuing Mr P with a temporary credit and requesting the supplier pay Mr P a refund through the chargeback process. HSBC raised a chargeback at Mr P's request and the supplier was free to dispute the chargeback – and I can see it did that, which effectively brought the chargeback to an end.

So I think Mr P potentially misunderstood the process which was likely contributed to by the actions of the supplier (which I mention below). However, even if Mr P misunderstood things, HSBC's actions contributed to this as well - by not clearly and quickly explaining to him how things worked and updating him on the status of the chargeback. This would likely have mitigated the distress he was suffering trying to get clarity on the matter.

Mr P has explained how it took weeks to get clarity on the matter and confirm the chargeback had been discontinued and involved various communication methods including email, phone and in branch visits.

From what I have seen HSBC could have communicated better with Mr P about the chargeback and what was going on with it. I think it accepts it didn't do this and that calls back to him were missed or late. I can see that HSBC re-debited Mr P's account in July 2023 and wrote to him about it to say that if it did not hear back it would assume everything had been resolved. So Mr P would reasonably have known about the chargeback process ending at this stage. However, this delay is not ideal and the lack of good communication over an extended period would have been frustrating. I can also see from emails Mr P sent to HSBC that he was getting frustrated with not hearing anything in respect of his complaint about the customer service he had received, and his attempts to call HSBC which resulted in him being disconnected – which would have been frustrating as well.

From what I can see from the evidence I have (including some call recordings) during this time Mr P did have issues passing security and subsequently had his account blocked – which meant he had to go through a process to get his account unblocked. However, I don't think this is fairly HSBC's fault in the circumstances here. So I don't think it needs to pay compensation for the added inconvenience suffered as a result of him not passing security.

Mr P has also said he made branch visits to sort out the issues he was having and had costs associated with these. I think the evidence indicates he did go into branch – but it seems this was initially because he needed to rectify the security issues with his account being unblocked. So I don't think that is HSBC's fault. However, it appears from the notes I have seen that Mr P might have gone into branch to chase up the status of his complaint, which likely would have caused him additional inconvenience. Although based on the evidence supplied I am not persuaded Mr P has incurred or should be paid significant compensation for the costs he is claiming associated with this.

I note Mr P says the supplier was chasing him about the dispute and making legal threats about not getting its money. I have not seen the evidence of the specific threats it made against Mr P – and I can understand how this would be very distressing. But I can't fairly say this is HSBC's fault if the supplier was acting in this manner. Ultimately, Mr P said that the goods did not arrive on time and HSBC raised a chargeback at Mr P's request. Mr P had a right to raise a dispute while the supplier had the chargeback process as the proper route to dispute the charge (which it did).

The supplier would be expected to allow the dispute process to run its course and I don't see how it fairly had reason to go outside this process and contact Mr P directly. And while I know the situation has been very stressful for Mr P I note that ultimately the underlying problems with the goods not arriving on time and any alleged aggravating factors around threats for payment are not (despite its own errors) fairly down to HSBC here.

Mr P in referring to what he thinks he should get in compensation has mentioned his business loss from the hours he has spent on the matter. However, Mr P has brought his complaint as a consumer and overall I don't think it is appropriate to award business losses here. I know he has also mentioned the personal impact on him including his mental wellbeing, which I have taken into account here and am sorry to hear about.

The question of compensation is not a science. But to guide my thinking I have referred to our website which talks about a scale of awards. In deciding what is fair here I note HSBC offered £200. I also note it apologised to Mr P for its communication failings – which I also have taken into account when deciding what is fair here.

A small award of less than £100 or an apology will usually compensate for a one-off error or a short delay. However, here I think there was more than one mistake and the issues went on for some time causing a reasonable effort to sort out. In this case this service can look to make an award between £100 and £300. I have thought about the level of compensation

here and noted that some things contributed to the situation that were not fairly down to HSBC. So overall I think the £200 HSBC has offered is about fair here.

### **Putting things right**

HSBC has indicated that it has already paid Mr P the £200 – however, if it has not done so it should do so now.

### **My final decision**

I direct HSBC UK Bank Plc to pay Mr P £200 if it has not already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 14 May 2024.

Mark Lancod  
**Ombudsman**