

## The complaint

Mr B complains that HSBC UK Bank Plc should pay him more compensation than it has offered, after admitting to poor service in connection with his application for an account switch.

## What happened

In June 2023, Mr B completed an application for an account switch with HSBC which offered a £200 'free cash' incentive plus a 5% linked regular saver account. In response, he received a text message from HSBC that said: '*... We can't give you the account you applied for.*'

The following day, HSBC sent Mr B text messages that suggested his application was waiting to be processed and, subsequently, that his offer documents were on the way. But when these text messages were sent, his application had already been declined.

Unhappy that he'd missed out on the £200 cash incentive, Mr B complained to HSBC. He was also worried that his credit record now showed that HSBC had carried out a credit search, which he was concerned would impact negatively on other credit applications.

HSBC apologised to Mr B for the processing errors made during the application and said it had arranged for the credit search to be removed. HSBC offered to pay Mr B £75 compensation for what happened.

Mr B didn't feel this went far enough to resolve things and he declined HSBC's offer. He brought his complaint to us and one of our investigators looked into what happened.

Our investigator thought that HSBC's offer was fair in all the circumstances. And as HSBC had already taken steps to remove the credit marker, she didn't recommend that it needed to do anything more.

Mr B disagreed with our investigator, mainly saying (in brief summary):

- £75 was unacceptable when he'd signed up to an offer which promised a £200 payment.
- He shouldn't be required to be out of pocket when HSBC's processes had broken down.
- He wanted to see the evidence the investigator had relied on and proof that the 'hard' search hadn't affected any credit he may have applied for during this time.

A different investigator considered the points raised by Mr B. She sent Mr B a copy of his application which showed there was missing information. And she explained that in order to be approved for the incentive, a full account switch was required. But Mr B had entered 'no' when asked if he approved a full switch. She said HSBC had sent information showing it had

taken steps to remove the record of Mr B's application. And she also felt the offer of £75 was fair.

As the complaint hasn't been resolved, it has come to me for a 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.

I can understand that what's happened has been frustrating for Mr B. He received confusing text messages, sent in error, that suggested his application to open a current account with HSBC was being successfully processed – after he'd been told (correctly) that his application had been unsuccessful. HSBC has upheld Mr B's complaint in part and agreed to pay him £75 compensation.

I don't need to say more about what's already been agreed. I will focus on the question of fair redress for the admitted poor service.

It's my understanding that the crux of Mr B's complaint is that HSBC should pay him redress equal to the £200 he lost out on when he applied unsuccessfully to open a new account. Plus, he would like HSBC to compare tracker rates on his home loan, based on his credit score at the time with and without the hard search on his credit file – and cover any difference in cost if he's worse off.

Our approach to redress is to aim to look at what's fair and reasonable in all the circumstances of a complaint. One way we would try and do this impartially here is to put Mr B in the position he'd be in if HSBC hadn't been responsible for the poor service issues it has admitted.

I've checked the offer terms and conditions and reviewed the application Mr B completed. He didn't satisfy the eligibility requirements for the switch offer. So I don't find that Mr B's application was unsuccessful due to any error on the part of HSBC or that by declining his application, HSBC treated Mr B unfairly or unreasonably. It wouldn't be fair in these circumstances to require HSBC to pay Mr B the £200 cash incentive that was part of the switch offer.

I appreciate that Mr B feels the onus of proof rests with us to show that he wasn't excluded from a lower rate of interest by reason of the HSBC entry on his credit file. But our role is to decide what's fair and reasonable in all the circumstances of a complaint. We are impartial. I must weigh the evidence we do have and decide, on a balance of probabilities, what's more likely than not.

I've been provided with no evidence that shows Mr B is worse off financially as a direct result of HSBC having recorded his credit application. I don't think there's any particular reason why the record of his switch application would necessarily adversely affect any other credit application. I agree that the search shouldn't be on Mr B's record since it appears his application would've failed before it needed to be done. But HSBC has already taken the necessary steps to remove this – which I think was the fair thing to do as a credit search was unnecessary when Mr B's application was unsuccessful for other reasons.

So I haven't identified any financial loss. Fair compensation however also needs to properly reflect the wider impact on Mr B of HSBC's service failings.

I've kept in mind that it's agreed that HSBC didn't process the application as well as it should've done and text messages were sent incorrectly after his application was declined.

I don't doubt that HSBC's poor handling of matters, as described above, would've been frustrating and confusing for Mr B. I am satisfied that £75 matches the level of award I would make in these circumstances had it not already been proposed. It is in line with the amount this service would award in similar cases and it is fair compensation for Mr B in his particular circumstances.

I have set out below the steps I require HSBC to take.

### **Putting things right**

HSBC should pay Mr B £75 compensation to reflect the impact on him of its admitted poor service.

### **My final decision**

My final decision is that I uphold this complaint and direct HSBC UK Bank Plc to take the steps set out to put things right for Mr B.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 24 July 2024.

Susan Webb  
**Ombudsman**