

The complaint

Mr T complains that HSBC UK Bank Plc returned his funds to source. He'd like the funds repaid to him and compensation for the impact.

What happened

In July 2023 a payment of £27,708.90 was transferred into Mr T's account.

HSBC restricted the payment. Mr T explained that it was a redundancy payment, but after further investigation HSBC weren't satisfied and they decided to return the money to source.

Mr T complained to HSBC about their decision – but HSBC thought they'd acted fairly in returning his funds to source. HSBC did accept that they could have been clearer in their communication with Mr T. And they awarded Mr T £30 compensation. So Mr T brought his complaint to our service.

One of our Investigators looked into Mr T's complaint, after reviewing the evidence provided they thought HSBC should compensate Mr T for his redundancy payment plus 8% interest from 14 August 2023 - when HSBC made the decision to reject the payment – to the date of release. They also awarded £150 compensation.

But, neither party accepted the recommendation. Mr T explained he believes that HSBC treated him unfairly because of his ethnicity. HSBC partially accepted our Investigator's recommendation – they agreed they'd treated Mr T unfairly in returning his funds to source, and agreed to pay him £150 compensation. But, they argued that Mr T needed to contact his former employer, I'll call H, to reissue his redundancy payment.

Our Investigator asked Mr T whether he'd contacted H to reissue his redundancy repayment, but Mr T said he'd tried but he hadn't been successful and they'd not responded to his communication.

Our Investigator reviewed their outcome and issued a second view. They still thought that HSBC should pay Mr T his redundancy payment, as he's yet to receive this. But, they increased their compensation to £250 due to the impact on Mr T's mental health.

HSBC didn't accept our Investigator's view – and said if his H doesn't pay him the funds then he should take action against them. And this doesn't make HSBC liable.

Mr T also didn't accept the outcome. Mr T believes that he was discriminated against, and HSBC were biased towards him. He advised it's impacted his health, family and finances.

So the case has been passed to me to decide.

On picking up Mr T's case I asked Mr T for more information about the impact on him from HSBC's actions. And more details about his attempted contact of H.

Mr T reiterated the impact he'd already shared – but didn't provide any greater detail. He confirmed that he'd visited H's website and tried to phone them but hadn't been able to

successfully speak to anyone.

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.

Mr T's unhappy that the redundancy payment received into his account in July 2023 was returned to source.

I understand that Mr T would like to know the reason that HSBC returned his funds to source. Unfortunately I won't be able to share this – however I can confirm that HSBC have shared their reasons with our service.

HSBC have accepted that they acted in error when returning Mr T's funds to source. And as a result they've accepted paying compensation of £250 for this. But, HSBC don't accept they should refund Mr T's redundancy payment to him. And they've argued that for Mr T to obtain his redundancy payment he should contact H – and if they don't provide it take action against them.

I've thought about HSBC's argument here, and I would expect Mr T to make reasonable efforts to try to obtain his redundancy repayment. I've asked Mr T about this – and he's advised trying to contact H via their website and over the phone. Although Mr T's been unable to share this contact with me I've no reason to doubt Mr T's version of events.

On balance, I'm satisfied that Mr T still hasn't received his redundancy payment. And despite HSBC's argument, this is a direct result of their error. It follows, I'm satisfied that HSBC – rather than H – should repay Mr T his redundancy payment. However, if at any point Mr T is contacted by H and is successfully paid the funds Mr T should notify HSBC and make arrangements to pay the funds to them.

Mr T says he feels HSBC discriminated against him given the problems they've experienced. I can understand why Mr T feels this way. It's not our services role to decide if HSBC breached the equality act – that can only be decided by a Court. But from what I've seen I can't say HSBC have acted fairly.

Putting things right

I'm satisfied that HSBC were entitled to review the payment entering Mr T's account – they have numerous legal and regulatory obligations they need to comply with. But, on 14 August 2023 when they made the decision to return his payment to source I'm satisfied HSBC should instead have released the payment to Mr H. I therefore think that Mr T's been deprived of his redundancy payment since 14 August 2023, and should receive 8% interest from 14 August 2023 until the funds are repaid.

Mr T's explained that the lack of access to his redundancy payment has caused him distress, to struggle financially and impacted his family. I asked Mr T to provide additional detail or evidence regarding these impacts, but he's not shared anything further. However, I'm satisfied that Mr T has been negatively impacted by HSBC's actions – and I think £250 fairly compensates for this.

My final decision

My final decision is I uphold this complaint and direct HSBC UK Bank Plc to:

- Pay Mr T £27,708.90 plus 8% simple interest from 14 August 2023 to the date of repayment
- Pay Mr T £250 compensation for the inconvenience caused to him

If HSBC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr T how much it's taken off. It should also give Mr T a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 16 December 2024.

Jeff Burch
Ombudsman