

The complaint

Mrs M complains that HSBC UK Bank Plc mistakenly transferred money from her matured savings bond into a joint bank account.

What happened

Mrs M held a fixed rate saver (FRS) bond in her sole name which matured in January 2024. In August 2023, Mrs M confirmed her instructions to HSBC to transfer the funds from the maturing FRS to her personal bank account. But in January 2024, although HSBC transferred the interest earned to Mrs M's personal account, it moved the capital to a frozen bank account held jointly with her former husband.

As the funds were paid into the joint account by mistake, Mrs M asked HSBC to transfer money into a new FRS. After Mrs M's former husband complained, HSBC closed the newly opened FRS and transferred the money back to the joint bank account which remains inhibited due to the marital dispute.

HSBC said that as the joint account serviced the FRS and there was a dispute, it should never have agreed to move the funds to Mrs M's personal account. And it should not have then used the funds from the joint account to set up the new FRS.

Our investigator upheld Mrs M's complaint. She was satisfied that in August 2023, Mrs M asked HSBC to pay the funds from the FRS – which was in her sole name – into her personal bank account. HSBC had already said that account holders can change the instructions for where funds are to be paid on maturity.

Our investigator thought that if HSBC had correctly followed Mrs M's instructions, she would have been able to fund the new FRS from her personal bank account. So, our investigator asked HSBC to reinstate Mrs M's FRS bond, using the funds from the joint account, while ensuring Mrs M is left in the same position she should have been in had it not closed the newly opened FRS bond. Our investigator asked HSBC to pay Mrs M £350 compensation for the upset caused by its mistake.

HSBC doesn't agree with our investigation outcome. It says that the FRS was opened with funds originating from a joint account. It says it would be for the courts, not the Financial Ombudsman or HSBC, to decide what happens to the marital assets. HSBC did however offer to pay £500 compensation.

Our investigator still thinks HSBC should reinstate Mrs M's FRS using funds from the joint account. She says that although the funds originally came from a joint account, they were moved to a FRS bond in Mrs M's sole name before HSBC was aware of any dispute between the parties.

In 2023, Mrs M asked HSBC to transfer the funds from her FRS to her sole account on maturity. As HSBC failed to do this, Mrs M had no choice but to set up the new FRS from the joint account.

Our investigator said that if another party disputes Mrs M's entitlement to funds held in her FRS, they would have to raise this through the courts.

As HSBC still disagrees with the investigation outcome, the complaint has come to me to decide.

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 appreciate that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that govern our service allow me to take this approach, but this does not mean I have not considered everything the parties have given to us.

HSBC's personal banking terms state that when closing a matured FRS bond, it will transfer your savings and any interest into the HSBC account you made the payment from when you first opened the bond. However, the terms go on to say – "Ask if you want us to send it to a different HSBC account." So, regardless of whether the funds originally used to fund the FRS came from a joint account, HSBC offered Mrs M the option of sending the matured funds to a different HSBC account.

In Mrs M's case, there is clear evidence that she asked HSBC to send the matured funds to an account held in her sole name. Although HSBC paid the interest which had accrued into Mrs M's sole account, it paid the capital invested into the joint account. This was not what Mrs M asked it to do, so I think HSBC made a mistake.

Where a business makes a mistake, I look to put the consumer back in the position they would have been if the mistake had not happened. And I can award modest compensation if I think it's fair and reasonable.

If HSBC had not made the mistake of paying some of the matured funds into the joint account, Mrs M would have received all the funds and could have opened a new FRS from her personal account. Instead, she had to open the new FRS from the joint account, using the money she had personally earned from the matured FRS. I can't reasonably find that Mrs M was to blame for this.

I don't think that by requiring HSBC to put Mrs M back in the position she would have been but for its' mistake, that I am deciding what happens to the assets. Like our investigator said, it would be for the courts to decide what should happen with any assets as part of any matrimonial proceedings. I am simply requiring HSBC to do what it should have done in the first place – allow Mrs M to reinvest the funds from a matured FRS in her sole name into another FRS, also in her sole name.

On the question of compensation – our investigator recommended £350 but HSBC increased this to £500 on the basis that it was not prepared to reopen the FRS and move funds into it from the joint bank account. So, I have thought about whether it's fair to still award Mrs M £500 compensation at the same time as requiring HSBC to reinstate the FRS.

Given the upset and stress caused to Mrs M by HSBC's mistake, I think £500 is fair compensation. It sits around the middle of an award we might make where the mistake has caused considerable distress and/or significant inconvenience. Our approach to awards like this is on our website.

Putting things right

HSBC should:

- Reinststate the FRS bond that Mrs M opened in January 2024 by using funds from the joint account, ensuring she is put back in the same financial position she would have been had HSBC not closed the FRS bond;
- Confirm the reinstatement of the FRS bond to Mrs M; and
- Pay Mrs M £500 compensation.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I require HSBC UK Bank Plc to put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 1 November 2024.

Gemma Bowen
Ombudsman