

The complaint

Miss A complains that HSBC UK Bank Plc has mishandled a payment it received for her debit card and as a result the money has been lost.

What happened

Miss A holds a debit card via an account with HSBC. In November 2020 Miss A used the card for a transaction worth over £1,500 with a merchant. However, in January 2024 she received a partial refund from the retailer of £936. This refund was paid by the merchant's bank to the debit card number used by Miss A in 2020 which had by then expired.

HSBC received the funds but says as the card number had been purged from its system due to the passage of time it had no way of reconciling the money with the correct account. It placed the funds in its suspense account. In April 2024 HSBC returned the funds to the merchant's bank.

Miss A contacted HSBC about the missing payment in April 2024 and was informed via the telephone that the funds had been located and would be transferred to her account, but this did not happen. Miss A complained to HSBC who agreed it hadn't given Miss A the correct information that the money had actually been returned to the merchant's bank. It said that it would be fair for Miss A to receive £100 compensation for this failure. HSBC provided Miss A with the details of the transaction as to when the funds had been returned and recommended she raise the matter with the merchant's bank.

Miss A says that she has made a number of calls to the merchant's bank but has been informed that the money has not been sent back by HSBC. She complained to this service.

Our investigator didn't recommend Miss A's complaint should be upheld. He said HSBC hadn't made an error as it had been unable to process the payment due to the card having expired and the number removed from its system, HSBC hadn't able to identify the correct account to credit. He accepted that HSBC hadn't given Miss A the correct information at first about the money having been returned but had done so subsequently. He said that the £100 compensation was fair and reasonable for that. Our investigator said that unfortunately HSBC wasn't able to do more.

Miss A disagreed with our investigator's view. She said HSBC had been inconsistent about the date it had said the money had been returned and it had told her in April the funds had been found and would be moved to her account. Miss A said that the merchant's bank had repeatedly said the money had not been returned to it. She also disagreed that HSBC wouldn't have been able to link the old card number to her account.

As the parties were unable to reach an agreement the complaint has been passed to me.

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 Miss A's frustration and distress that this £936 appears to have disappeared but the issue for me is whether HSBC did anything wrong or acted unfairly. I've seen Miss A doesn't accept HSBC's explanation that the card's number had been purged from its system. But I haven't seen anything that would show me that this wasn't the case. I've seen that this was a card which was used in 2020 so it doesn't seem likely it had only recently expired. I think it's more likely than not that HSBC wasn't able to locate the account via the card number when the funds were received from the merchant's bank. I therefore think that HSBC acted correctly by placing these funds into its suspense account.

I've also seen that HSBC'S agents were able to locate the payment using the details provided by Miss A in April 2024. It is unfortunate that during various phone calls they didn't identify that the money had been returned. I appreciate this would have caused distress for Miss A when she was eventually advised of that. HSBC accepts that here it didn't provide her with the expected service.

Miss A says there has been inconsistency from HSBC about when the funds were returned. I've seen there was a mix up over the date because it was written using the American method. But looking through HSBC's notes I can't see anything suspicious or unclear about the funds being returned in April 2024.

So, looking at HSBC's actions, other than creating some confusion over what had happened to the funds initially and providing the wrong date the money had been sent back, I can't reasonably say it didn't follow its processes. That is the money was received for an account it was unable to recognise, the funds were put into a suspense account and then returned to the bank that had provided them.

I appreciate the merchant's bank says the money hasn't been returned, but I have seen the evidence that it was, so I can't hold HSBC responsible for that other bank's response. I appreciate my decision will be of disappointment to Miss A, but I can't fairly ask HSBC to do more in the circumstances. I'm not upholding Miss A's complaint.

My final decision

For the reasons given above, I'm not upholding Miss A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 28 October 2024.

Jocelyn Griffith
Ombudsman