

The complaint

Mr M complains about the service he received from HSBC UK Bank Plc (“HSBC”) when he sent two international payments to his account with it and HSBC rejected the payments.

What happened

On 13 February 2024 Mr M made a transfer of 50,000 euro (£41,753.95) from his bank account held with “A” to his account held with HSBC. Mr M made a further transfer (£41,860.90) on 19 February.

Unfortunately, Mr M incorrectly stated the beneficiary’s name on the payments and so HSBC was unable to credit the payments. When HSBC received the payment request from A it rejected the payment as the information provided with the payment didn’t match the details of the account it was meant to be paid in to.

Mr M contacted HSBC about the missing payments on 5 March. HSBC’s internal notes record that Mr M was told it couldn’t see the funds come in and that he’d have to contact A as the transfer is from that bank and A will need to put a tracer on it.

HSBC sent messages to A about the payments via the Swift messaging system – the platform used by banks to communicate when processing transfers – but A didn’t always respond in kind. Instead, A sent unsecured emails to HSBC some of which went to HSBC’s complaints department.

HSBC received a swift message from A on 18 March requesting an update on the payment made on 19 February and HSBC incorrectly told A that the funds had been applied to Mr M’s HSBC account on 20 March. HSBC corrected this error on 27 March and correctly told A that the payment was rejected and returned on 21 February.

Mr M’s HSBC statements show that the first transfer he made was credited to his account on 3 April and Mr M has confirmed the second transfer was found with a third-party holding bank and has been returned.

Mr M complained to HSBC about the service he received regarding these payments. HSBC says it wasn’t able to investigate the payment from 13 February properly due to the lack of messages it received from A and that the delay in return of the funds was due to A’s mishandling of the payments and failing to communicate using Swift messages.

HSBC accepted it provided incorrect information regarding the payment which caused an 8-day delay to the investigation and so it compensated Mr M £1,500 for the distress and inconvenience this caused on top of the £70 compensation it paid for the service he received regarding his complaint.

Mr M was dissatisfied with this level of compensation and so brought his complaint to this service.

One of our investigator's looked into Mr M's concerns and thought that while HSBC had caused some delays with the second payment, they couldn't say based on the information and evidence available that it caused the entire delay. And so they thought the £1,500 compensation HSBC had offered was reasonable and wouldn't be asking HSBC to pay any further compensation.

They also thought the £70 compensation offered for the service received was fair as it was the responsibility of the sending bank A to locate the missing funds and provide Mr M with updates on this.

Mr M disagreed. He says HSBC failed to correspond or communicate with A over a considerable period of time and has asked for an ombudsman's 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.

My role is to look at the problems Mr M has experienced and see if HSBC has done anything wrong. If it has, I would seek – if possible - to put Mr M back in the position he would've been in if the mistakes hadn't happened and I may award compensation that I think is fair.

There is no dispute that something clearly went wrong when Mr M made the two transfers in February. There were three parties involved in the transactions Mr M, bank A and HSBC – all of which could be responsible for the delays in the payments being made and returned.

Unfortunately, two different banks are involved, but this service only has the power to look at the actions taken by HSBC as A doesn't fall under our jurisdiction. This also means that the evidence and information available to consider is limited to what HSBC and Mr M can provide.

And after considering all this carefully I'm in agreement with our investigator that I haven't seen enough to persuade me all the delays were due to the inaction on HSBC's part. Indeed, as I understand it the reason the transfers were unsuccessful initially - as Mr M has admitted - was down to him providing incorrect details at the outset.

And having carefully considered everything the only evidence of errors I've seen made on HSBC's part in the delay of the return of Mr M's rejected payments relate to incorrect information it gave A regarding the receipt of the funds the subject of transfer two. This stalled the investigation for around 8 days as A believed the funds had been received until HSBC corrected its error and informed A by Swift message that the funds had in fact been rejected and returned on 21 February.

HSBC have admitted its error in this regard and paid Mr M £1,500 compensation for the distress and inconvenience this caused which I think is fair. I say this as despite the incorrect information HSBC provided, I think the outcome would've still been the same as because the beneficiary details didn't match when Mr M set up the transfer it was always going to be rejected by the receiving bank – in this case HSBC. And although I agree that it took an unacceptable amount of time for the funds to be returned, based on what I've seen I can't say that was all down to mistakes being made on HSBC's part.

I also think HSBC's service could've been better when Mr M needed assistance in tracking down his funds. Although I don't think there was much more HSBC could do than ask Mr M to contact the sending bank to trace the funds, I note that he was often cut off and had to spend a long time waiting for help and having to repeat himself.

But I note that HSBC have already compensated Mr M £70 for this which again I think is fair for the service element of Mr M's complaint. Fortunately, Mr M now is in receipt of the funds of both transfers, I accept the long wait must have been very distressing for Mr M given the significant amounts involved, but as I can't see that HSBC are solely at fault for the delays I'm not going to ask HSBC to do anything more.

My final decision

For the reasons I've explained, I think HSBC UK Bank Plc have done enough to settle Mr M's complaint fairly and I'm not going to ask it to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 November 2024.

Caroline Davies
Ombudsman