

The complaint

Mr G complains about how HSBC UK Bank Plc handled his query about a pending transaction.

What happened

Mr G holds a HSBC Global Money Account debit card. Prior to going on holiday abroad he transferred funds to the account.

On 29 July 2024 Mr G attempted to use the card to make a purchase for \$710.08 but the payment didn't go through. Mr G tried a second time, but the payment still didn't go through. Mr G ultimately paid for the goods using another credit card.

On 31 July 2024 Mr G contacted HSBC via live chat to query why the sum of \$1420.16 was showing as a debit on his account given that the transactions hadn't gone through.

The automated response provided by live chat advised Mr G to wait for 5 working days. It said that if the payment wasn't claimed by the merchant the funds would be returned to the account. Mr G asked for more help as he needed access to the funds on the account. An advisor told Mr G that he would have to wait for 5 to 7 days to see if the merchant claimed the funds.

As at 5 August 2024 the funds hadn't been returned to Mr G's account. Mr G contacted HSBC again. He was advised that he would have to wait 7 working days. Mr G contacted HSBC again on 7 August 2024 and an adviser asked him to wait another 48 hours.

As at 10 August 2024 the funds still hadn't been returned to Mr G's account. Mr G contacted HSBC again and was advised that international payments could take up to 14 working days to be claimed by a merchant before they were returned to the account.

Mr G raised a complaint with HSBC. He was unhappy that the funds had been held for 10 days, which meant that he'd been left with insufficient funds available on the card with which to enjoy the rest of his holiday.

HSBC said that although there had been no banking error or failings in the way the payments had been processed, it acknowledged that there had been a service failing regarding the conflicting information Mr G had been given about timescales for the funds to be returned. HSBC offered compensation of £200.

Mr G remained unhappy and brought his complaint to this service.

Following the referral of the complaint to this service, HSBC increased its offer of compensation to £300.

Our investigator said the offer of compensation was fair. He said he hadn't seen any evidence to suggest that there had been a banking error on HSBC's part, but he said it was clear that HSBC could've done things better in explaining the timescales. The investigator said that based on what he'd seen, the funds wouldn't have been returned any sooner had

the right timescales been given at the outset, and he felt that the compensation was fair.

Mr G didn't agree. He said that if HSBC had told him to go back to the merchant and ask them to void the payments so the pending amount dropped off, the rest of his holiday wouldn't have been ruined. Mr G said he didn't think the compensation was fair.

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 what a frustrating experience this must've been for Mr G. He had to contact HSBC several times and the information he was provided with regarding the timescales for the funds being returned to his account was different each time he contacted HSBC. I also understand how stressful it must've been for Mr G to not have access to the funds he'd put aside for his holiday. This clearly impacted on his overall holiday experience. I've had these factors in mind when reviewing the complaint.

Firstly, I've looked at whether HSBC made any banking errors. HSBC has provided its internal payment records and I can see that both transactions were attempted on 29 July 2024 within 5 seconds of each other. The payment records don't show the payments as declined, so it doesn't appear to be the case that HSBC made an error in processing the transactions.

The transactions are showing as "expired" on the payment records, which means the merchant hasn't claimed the funds within the timeframe allowed. HSBC has explained that international payments made in local currency using a Global Money debit card will be held for 14 days before they either clear or drop off. HSBC also explained that during this period, it can't reverse the transactions.

Based on what I've seen, I'm unable to find any evidence to suggest that HSBC made a banking error or processed the transactions incorrectly.

I've gone on to look at the advice which was provided to Mr G when he contacted HSBC. As I've explained above, Mr G should've been advised that the money could be held for 14 days before being returned to the account. However, I can see that Mr G was initially given advice that he should wait 5-7 days and was later advised to wait 7 days. I can see from the information provided by HSBC that the 7 day timescale is for payments using the debit card for UK transactions.

HSBC has acknowledged that it provided conflicting advice to Mr G about the timescales for returning the money. Whilst I have no doubt that this caused Mr G to have to contact the bank more often than necessary, which would've been inconvenient whilst on holiday, the timescale was 14 days, and this would have been the case even if Mr G had been given the correct advice about timescales from the outset. So, I can't say that HSBC's service failings lengthened the process of returning the funds. But I am persuaded that the service failings increased Mr G's levels of distress and inconvenience.

I've thought about whether HSBC's offer of compensation fairly reflects the impact of the service failings on Mr G. It's not the role of this service to punish a business. I've had regard to the guidelines published by this service in relation to compensation for distress and inconvenience and having done so, I'm satisfied that the offer of £300 compensation is fair and reasonable and in line with what this service would award.

Putting things right

To put things right, HSBC UK Bank Plc must pay total compensation of £300 to Mr G.

My final decision

My final decision is that I uphold the complaint. HSBC UK Bank Plc must pay total compensation of £300 to Mr G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 18 November 2024.

Emma Davy
Ombudsman