

The complaint

A company, which I'll refer to as P, complains that because of poor advice from HSBC UK Bank Plc, when changing the primary user of the business account, it lost access to the account. Also that HSBC repeatedly failed to issue welcome letters to the new user. Mr N, who is a director of P, brings the complaint on P's behalf.

What happened

On 2 May 2024, Mr B a now former director of P and the then primary business account user on advice from HSBC submitted an application to amend the primary user to Mr N. The effect of this was to remove Mr B as primary user, but Mr N couldn't be registered until he completed the application following receipt of the welcome letter which was posted out to the registered company address. Mr N wasn't previously registered as a secondary user nor was he a signatory. Unfortunately P's registered address was where Mr B which was some way away from Mr N. Mr B was advised to register for telephone banking, but when attempting to use it he failed security as he couldn't remember the correct e-mail address.

I understand that the mandate and registration for Mr N as a signatory could not be completed until the forms had been returned from Companies House. However HSBC later, in early June 2024, rejected an application for telephone banking from Mr N as it incorrectly believed him to be a signatory. Mr B had to become involved in updating the business mandate which again was initially rejected because of, Mr N says, poor advice from bank staff who had no experience of business banking. During the process HSBC said it had repeatedly sent further copies of the welcome letter to Mr N, including to his local branch which were never received.

Telephone banking access was granted to Mr N on 11 July 2024

To resolve the matter, HSBC decided to de-register Mr N's internet banking access and then complete a same day activation over the phone. His access was de-registered on 8 August and set up successfully on 13 August 2024.

Mr N advised that he and Mr B had to spend a lot of time and effort in trying to resolve access to banking. This included many hours of having to travel to and visit the branch. For a time he could not pay casual staff. He also said he was unable to refresh bank feeds on the accountancy software for P's accountants to reconcile transactions and undertake VAT returns (payment due 7 July 2024).

I understand that Mr N was able to carry out banking transactions either by the use of telephone banking or in branch, with charges.

Whilst it insisted that it had sent the welcome letters, HSBC agreed that it should have given better advice to Mr N and Mr B. It has refunded the additional charges in the total sum of £155. It has also paid £220 compensation. When the complaint was referred to this service, HSBC offered to increase the compensation to £500 by a further payment of £280 .

Our Investigator reviewed the complaint and said that she felt that HSBC's offer was reasonable.

Mr N did not feel £500 reflected the time and effort he and Mr B had to endure, for HSBC to put in place a simple solution. He also said that it caused them a good deal of stress and worry. He was prepared to accept a further £250 on top of the offer already made.

HSBC offered a further £100. Mr N indicated that this would be acceptable subject to HSBC providing an apology letter and an explanation of its organisational learning, with the steps it's looking to take to prevent other business customers suffering the same fate.

HSBC said it was happy to provide a further apology but wouldn't agree to Mr N's further demands.

The matter has been passed to me for an Ombudsman's consideration.

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.

Before I give my findings, I should set out here what my powers are in light of what Mr N has said he will accept to resolve the matter. First of all the complainant is P, a limited company. I appreciate that the matter has caused Mr N, and Mr B a lot of stress. However I can't award any compensation for distress as a limited company can't suffer distress. But I can award compensation for inconvenience caused to the company's directors as that did inconvenience the company, particularly in Mr N's case.

Secondly our function is to handle individual complaints. Whilst I appreciate that Mr N would like to know how HSBC might go about changing its processes, I have no power to ask it to do so. All I would say is that in the process of investigating the complaints that it has given feedback to the relevant members of staff.

So as regards P's complaint, I note that Mr B approached HSBC and asked to change the primary user of the account. At that stage, he should have been told, given that there was no secondary user registered on the account, once he was removed as primary user, the account would not be able to be used either by Mr B or Mr N as the new user until Mr N was registered. I do think that HSBC should have checked that the account would still be able to be used once Mr B was removed. Further, presumably knowing that the welcome letter would be sent by post, Mr B should have been advised that that would mean it going to the registered office which is nowhere near where Mr N lives. HSBC should have advised Mr B about changing the address when he still had the power to do it.

It does appear that the lack of a welcome letter caused most of the problems in proceeding with Mr N taking over the account. According to HSBC's records, it sent out the welcome letter no less than six times. It may be that as they were sent to the registered office which appeared to be office premises, they didn't arrive. However one of the welcome letters was sent to the local branch and also didn't arrive. And during one of the telephone calls between the Mr N and an adviser, they admitted that HSBC did have a problem with welcome letters. I do think that HSBC's insistence on a postal procedure where the consumer is told to expect a letter to arrive within 10 working days is rather out of step with modern banking. The fact that the problem in this case was sorted out by deregistering Mr and then reactivated over the does indicate to me that HSBC was mainly responsible for the delay in this matter.

I further note that Mr N was frustrated by HSBC's had a lack of communication, with no attempt to let him know the outcome of applications, particularly when they had failed. Each time it was left to him to chase for an update via a branch visit, further delaying the matter.

He raised this in phone calls, and I think HSBC largely accepted this.

I note the inconvenience caused in that Mr N had to take a lot of time out on several days in order to try and resolve the banking issue. Whilst HSBC's advisers said they'd tried their best to sort out the matter, the issue could and should have been resolved had proper advice been given in the first place. The financial implications for P really concerned the bank charges and those have been dealt with by HSBC. I accept that there were initial difficulties in making payments from the account but these were dealt with albeit at some inconvenience to Mr N.

The final offer of compensation from HSBC is, to pay a further £380 (initially £280 then a further £100). Bearing in mind what I have said about my power to award compensation so far as limited companies are concerned, I think that the offer made is fair and reasonable to reflect what was a great deal of inconvenience. Because overall that is my finding so far as compensation is concerned, I won't go into further detail about all the issues Mr N faced. Although I confirm I've read and taken into account everything he has said.

So far as an apology is concerned, as one has already been given in one of the final response letters I won't require HSBC to take any further action.

Putting things right

HSBC should pay a further £380 compensation.

My final decision

I uphold the complaint and require HSBC UK Bank Plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 15 January 2025.

Ray Lawley
Ombudsman