

The complaint

Mr B is unhappy with HSBC UK Bank Plc. A payment that had been made into his account for £1,200 was returned to the issuing bank without Mr B's knowledge or consent.

What happened

The £1,200 payment arrived in Mr B's account in January 2024. This money was expected by Mr B, it was from a tenant living in one of his properties. HSBC was contacted by the bank that issued the payment and notified that the amount had been paid in error. It wanted the money returned. HSBC sent a notification to Mr B letting him know it was going to return the money unless it heard from him to dispute it in the next 15 days. Mr B said he never saw the letter and HSBC did return the £1,200.

When Mr B did find out about this, he contacted HSBC and made a complaint. It said it was right to send the money back but said it should have made better attempts to ensure Mr B was aware of it. HSBC offered Mr B half the money - £600. But Mr B remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. She said she didn't see any evidence HSBC was wrong to return the payment. She said it acted in line with the account terms and conditions. Our investigator felt the outstanding amount was really a civil dispute between Mr B and his tenant. She noted that HSBC had offered £600 for the errors it made and said she felt that was a fair and reasonable outcome.

Mr B didn't accept this and asked for his complaint to be passed to an ombudsman for a final 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.

Mr B said he didn't know the reason why the issuing bank claimed the £1,200 had been paid to him in error. And he said he had no knowledge of the return and didn't authorise HSBC to debit the money from his account and send it back.

When he did notice the money had been taken in September 2024, he was advised to check his HSBC app for messages. When he did, he found a letter from HSBC noting its intention to send back the £1,200. Mr B said HSBC had made no effort to notify him about taking the payment any other way.

Mr B said a HSBC staff member said he should check for app messages at least once a month. Mr B said that even if he had done this he might well have missed out because the letter only gave him 15 days to respond.

Mr B didn't think it was fair for HSBC to rely solely on the app to relay messages to him. He said he would like HSBC to refund him all of the £1,200. He said the £600 wasn't the money

he was owed this was purely compensation. Mr B said it should add interest at the rate HSBC would have charged him for an unauthorised overdraft.

Mr B said he was still chasing this payment and other outstanding payments from the tenant involved.

The letter HSBC sent to Mr B via the app confirmed the £1,200 was being reclaimed by the issuing bank as it had been paid to Mr B in error. In the letter it explained this was *“due to a system error affecting a single payment.”* HSBC confirmed it acted in line with terms and conditions when it took the amount from Mr B’s account.

HSBC confirmed it would return the money to the issuing bank in 15 days from the date of the letter, or sooner if Mr B confirmed it had been sent to him in error. But it also said if this wasn’t the case Mr B could call within the 15 days to provide proof it would return the money to his account and notify the issuing bank.

In its final response letter HSBC apologised that Mr B had needed to bring a complaint. It said as Mr B hadn’t been in contact within the 15 days it had carried out the return of the payment.

But HSBC understood the point Mr B was making that he wasn’t contacted by any other means apart from the app. It accepted Mr B hadn’t been sent an email or an SMS. HSBC Accepted this was an error. But it did say it would have notified Mr B within the app that there was a document to view. It also said Mr B had signed up to the terms and conditions of online banking confirming that individuals are responsible for the management of their accounts.

HSBC decided it would credit Mr B £600 to partially cover the loss he incurred when the funds were returned. It said it would also go back to its credit recovery team to point out Mr B hadn’t been notified that the letter had been sent and was available to him to view within the app.

I understand Mr B’s point about not checking for correspondence in the app. Although I accept what HSBC said about it being in the terms and conditions, I suspect most customers would agree with Mr B here regardless of the account requirements.

But apart from that I think it acted fairly and reasonably when it returned the money to the issuing bank within the required timeframe of the credit recovery procedure.

I think it’s important that HSBC has accepted it could have done more to notify Mr B and it has given feedback to departments to highlight this. I think that’s fair - it realised it could have done better and has said so.

Based on the evidence I won’t be asking HSBC to do anything further. It pointed out the £600 was to partially cover the loss Mr B faced. Mr B has said himself that the tenant still owes him the full payment and other payments too. I can’t hold HSBC responsible for that.

My final decision

I don’t uphold this complaint.

I make no further award against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr B to accept or

reject my decision before 20 February 2025.

John Quinlan
Ombudsman