

The complaint

Mrs J complains HSBC UK Bank Plc (“HSBC”) has held onto funds that had been refunded to her by the merchants after HSBC closed her account with it. Because of this she has been deprived of her money and has suffered significant distress and inconvenience in her attempts to retrieve the funds.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

This decision does not deal with the review and closure of Mrs J’s account. That complaint has been decided under a separate reference number at this service.

In April 2023, HSBC restricted Mrs J’s account whilst it carried out a review. In September 2023, HSBC closed Mrs J’s account with immediate effect. HSBC sent Mrs J a cheque for the closing balance. Unhappy, Mrs J complained. As her complaint wasn’t upheld, she referred it to this service. A decision to not uphold her complaint about the account review, restrictions and closure was made. Mrs J hadn’t complained to HSBC about any further refund payments that she felt HSBC had received but not returned to her, so she raised a separate complaint about this.

Mrs J says HSBC told her that any payments made into her account after it was closed would be sent back to the senders. Mrs J explained that when raising queries with HSBC she was told some of the payments were in HSBC suspense accounts.

HSBC didn’t uphold Mrs J’s complaint. Mrs J referred her complaint to this service.

In its submissions to this service, HSBC explained that a cheque for the closing balance of £10,732.22 was sent to Mrs J in September 2023. And that Mrs J has been contacting it since October 2023 claiming that additional funds have been sent to her closed HSBC account. HSBC added that following its investigations, it has been able to trace payments totalling £7,392.70 – which has been paid to Mrs J through several cheques.

To support its position, HSBC sent:

- A copy of its letter addressed to Mrs J dated September 2023, which said the cheque for £10,723.22 was enclosed
- An internal note that a credit of £1,814.75 was received in October 2023 and moved to an internal suspense account and that the credit cannot be returned to the originator. And on 26 October 2023 a payment of £417.50 was returned to the originator, but £245 was passed to ‘Unclaimed balances’. And a returned payment of £50 was moved to a suspense account.
- An internal note that shows in May 2024, funds of £5,527.95 were held in one of

HSBC's internal suspense accounts and a request was being made to issue a cheque for that amount. And that this was validated and sent. HSBC also provided a copy of a letter addressed to Mrs J that says the cheque for £5,527.95 was attached.

- HSBC has made the following payments to Mrs J, which amount to £18,115.92:
 - September 2023: Account closure balance – cheque sent for £10,723.22
 - January 2024: cheque sent for £1,814.75
 - April 2024: cheque sent for £50
 - May 2024: cheque sent for £5,527.95

Amongst other things, our Investigator asked Mrs J if she received the above cheques from HSBC and what payments she was claiming HSBC has received but failed to return to her. Mrs J explained that the cheque for £1,814.75 was missing. She also set out the following payments and the date the transactions were made (I have removed the name of the retailer's):

- £1,965: 17 April 2023
- £646: 13 March 2023
- £1,232.30: 21 February 2023
- £6,341: 25 January 2023 (part of this was refunded but not the whole)
- £1,093.40: 28 December 2022
- £1,439.50: 15 December 2022
- £139: 13 December 2022
- £63.15: 14 December 2022
- £944.96: 10 October 2022
- £675: 10 October 2022
- £1,283: 11 October 2022
- £1,452.70: 17 October 2022
- £785: 18 October 2022
- £417.50: 2 November 2022
- £270: 28 November 2022
- £2,270: January 2023

HSBC explained that the cheque for £1,814.75 was cashed in October 2023 and sent supporting information for our Investigator to review. HSBC also said it had been able to locate the credit of £1,965 which it received from a direct debit indemnity claim in June 2023. HSBC say these funds have been moved between its internal accounts now so that a payment by cheque can be made to Mrs J.

HSBC also said that Mrs J will need to identify which payments she feels are still outstanding and call HSBC's telephone banking team with the details for them to look into. HSBC agree that it had caused delays which would've caused Mrs J undue distress and inconvenience. HSBC offered to pay Mrs J £250 compensation and pay 8% simple interest on the £1,965 from 1 July 2023 until settlement.

Our Investigator put HSBC's offer to Mrs J. She didn't agree that this resolved her complaint and reiterated that HSBC was still holding substantive funds that belonged to her. And that despite her numerous attempts through calling HSBC, its consistently failed to locate and return her funds via cheque as requested. Mrs J also wants interest on all the transactions not just the singular one.

Our Investigator recommended Mrs J's complaint wasn't upheld, and they endorsed HSBC's offer of compensation as fair. In summary, their key findings were:

- HSBC acted in line with its terms and conditions and responsibilities when receiving chargeback refunds into a closed account.
- HSBC has provided evidence of trace payments totalling £7,392.70 since 13 October 2023, and that cheques have been sent to Mrs J and that they've been cashed.
- If Mrs J identifies any further outstanding refunds, she will need to raise them separately with HSBC's telephone banking team on the number provided to her.
- The refund payment of £1,814.75 was received by HSBC in October 2023 after her account had been closed. A cheque for £1,814.75 was issued by HSBC and it was cashed on 31 October 2023.
- HSBC received £1,965 from a direct debit indemnity claim on 11 June 2023. These funds are being processed as of December 2024. HSBC say it will pay 8% simple interest on these funds plus £250 compensation to Mrs J for the undue distress and inconvenience it's caused her. This seems reasonable as HSBC closed the account fairly.

Mrs J didn't agree with what our Investigator said and raised several key points. In summary, they are:

- She didn't mention any date, and the reference to 13 October 2023 is perplexing as she is unsure of its origin.
- Despite several interactions with HSBC since the account closed, HSBC has consistently failed to provide adequate explanations or return the funds.
- The Investigator has only focused on two or three payments, but Mrs J had highlighted many more. HSBC ought to pay compensatory interest on all delayed payments – as the £1,965 payment wasn't an isolated incident.
- HSBC should pay Mrs J considerably more compensation for the inconvenience she's been caused.

As there was no agreement, this complaint has been passed to me to decide. HSBC said the payment of £1,965 by cheque had been cashed in January 2025.

What I've decided – and why

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mrs J and HSBC have said before reaching my decision.

As I've already said, it's important to note, my decision focuses on Mrs J's complaint about all her funds - after the account was closed - not being returned to her, there being delays with this, and the distress and inconvenience this caused her.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I have decided not to uphold this complaint. I'll explain why.

Firstly, I'm satisfied from the technical evidence HSBC has sent me that it did issue a cheque for £1,814.75 to Mrs J and that it had been cashed. So, I don't agree with Mrs J that this payment hadn't been made to her.

Mrs J has said around sixteen payments have been credited to her HSBC account, but she hasn't been paid these. I will deal with the refund of £1,965 later in my decision. I have however looked into the other payments Mrs J says HSBC have received and haven't yet refunded.

I note that the transaction of £1,093.40 with the retailer Mrs J referenced as taking place in December 2022, was dealt with in a final response letter issued by HSBC on 15 June 2023. And this says Mrs J's chargeback claim had been refused due to insufficient information being provided to raise a successful chargeback. An earlier letter dated February 2023 from HSBC to Mrs J rejected this claim also for the same reasons. So, I don't think HSBC would have received this refund.

Similarly, the purported refund of £1,283 Mrs J says took place in October 2022, was responded to by HSBC in a letter sent to Mrs J in March 2023. That letter also said Mrs J's claim for a refund had been unsuccessful. HSBC has similarly sent Mrs J a letter for the January 2023 payment of around £2,270 with the referenced retailer, that the claim had been declined. HSBC's technical records also show that the chargeback claim for the October transaction of £1452.70 had been retracted by Mrs J.

I'm aware that I've only explained what happened with a sub-set of the refunds Mrs J has raised. But this information shows that many of the chargebacks Mrs J now says were successful and repaid to her, were not. So, I think this discredits her account of what refunds she is due. I would also add here that I haven't seen any compelling or persuasive evidence that there are further refunds which HSBC has been holding onto in its internal accounts other than those that it has so far accepted. If Mrs J has such evidence from the retailers and still feels that she hasn't been refunded any payment, she should present this to HSBC.

So, I won't be directing HSBC to make payment of the transactions Mrs J says she should be paid, other than the £1,965 HSBC has located and now paid. HSBC accept it caused undue delay in refunding this payment and offered Mrs J 8% simple interest and £250 for the distress and inconvenience this caused her. I don't think it needs to do anymore.

Mrs J argues that HSBC should pay her compensatory interest on all the payments it has so far made from when they were received until settlement. She also says that a higher award for the distress and inconvenience she's suffered should also be made – given the many calls, branch visits and poor customer service she has received.

However, after considering *all* the evidence available to me, which includes what Mrs J has said and the content of HSBC's review, I don't find awarding Mrs J compensation would be fair or appropriate. I understand Mrs J would want to know the information I have weighed to reach this finding. But I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 6 June 2025.

Ketan Nagla
Ombudsman