

The complaint

B, a company, complains that HSBC UK Bank Plc failed to stop a payment being made in error to a third party, then failed to make reasonable efforts to recover the money.

B is represented in this complaint by its director, Mr P.

What happened

On an early evening in April 2024 Mr P sent a payment of £23,000 from B's account. He says he meant to send the money to his own personal account at HSBC, but it was sent to an account belonging to a third party at another bank.

Mr P says he tried to speak to HSBC later the same evening, but wasn't able to speak to the relevant department. He phoned HSBC first thing the following morning and told it about the issue. He also contacted the receiving bank, who told him that HSBC would need to raise a request to recall the payment.

£13,000 of the money was recovered, and was returned to B in late June 2024. But there wasn't enough money in the recipient's account to return the remaining £10,000.

One of our investigators considered the complaint but didn't think it should be upheld. In summary, she said that HSBC had done all that it could to try to recover the money.

Mr P disagreed with the investigator's view, so the complaint was passed to me.

After considering all the evidence, I issued a provisional decision on this complaint to B and to HSBC on 27 November 2024. I said I'd reached the same conclusion as the investigator, but my reasoning was different, so I wanted the parties to have a chance to comment before I issued my final decision. I said:

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

I'll deal first with the question of whether HSBC should have prevented the payment from being made in the first place. The name of the account that the payment was sent to was very similar to B, but appeared in the list of recipients on B's account with one letter entered incorrectly, so that it looked as if it was B itself. Mr P has suggested that HSBC should have noticed the discrepancy between the recipient's account name and number, and should have prevented the payment from being made in the first place.

There's a process known as "Confirmation of Payee" (CoP), which the regulator introduced to help prevent fraud. When making a payment to a new payee, the sender of the payment is required to input the account number, sort code and recipient's name. The sender then receives a message confirming whether the name and account details match, and it's the sender's choice whether to continue and make the payment.

The recipient had been set up on B's internet banking around 16 months before the payment that this complaint is about. B had made a substantial payment to the recipient at the time. Mr P has confirmed that the payment was intentional on that occasion. HSBC has provided evidence which I'm satisfied shows that when the original payment was made, the CoP system flagged to B that there was a slight mismatch in some of the information that B input when it made the payment. And B confirmed that it still wished to make the payment. The company name of the payee was incorrect when that first payment was made, and HSBC says it had then remained unamended in the list of recipients on B's account. No further payments had been made to that payee until the payment in April 2024 that B's complaining about.

CoP will only pick up any mismatch between a recipient's name and account details on the first occasion that an accountholder makes a payment to that recipient. In the circumstances, I don't find that HSBC did anything wrong by allowing the payment to be made without flagging up the mismatch to B.

Turning to the question of whether HSBC did enough to recover the money once the payment had been made, there's an industry-wide scheme known as the "Credit Payment Recovery" process ("CPR"). It covers all banks that are able to send faster payments. Once an accountholder has told their bank that they've made a payment by mistake, the sending bank is expected to contact the recipient bank within two working days.

In the event, it appears that it was the receiving bank that first got in touch with HSBC about the payment, two working days after Mr P first contacted HSBC and the receiving bank about the payment. And it was another eight days before HSBC started the CPR process. It's not fully clear from the evidence provided exactly why this was. But it's not our role to punish or fine a financial business. Instead, I need to consider whether B lost out as a result of anything HSBC did wrong.

In the course of my investigation, I contacted the bank where the payment was sent. It provided me with evidence that the person who received the payment transferred the whole amount out of their account the day after Mr P made the transfer. They transferred £13,000 of the money to another account they held with the receiving bank. That money was recovered and returned to B. But the remaining £10,000 was transferred to another bank. And it was transferred the morning after B made the payment. So even if HSBC had contacted the receiving bank within two working days, I can't fairly conclude that it's likely that it would have been able to recover the money.

What's more, both Mr P and the receiving bank have told us that Mr P spoke to the receiving bank the morning after he made the payment. The receiving bank has provided evidence that, having been alerted by Mr P, it tried, on that same day, to speak to the recipient, but received no response. It then contacted the bank the recipient transferred the money to, but ultimately the money wasn't recovered.

I can't see any reason to believe that it's likely that the outcome would have been different if it had been HSBC, rather than Mr P, who first contacted the receiving bank. I think it unlikely that it would have been able to recover the remaining £10,000. Taking everything into account, I can't fairly say that B lost out as a result of HSBC's delay in contacting the receiving bank.

So having thought carefully about all the evidence provided, I don't consider that HSBC was at fault in allowing the payment to be made in the first place. And although it may not have started the CPR process as quickly as it should have done, I'm not satisfied that B has lost out as a result."

So my provisional decision was that I didn't uphold the complaint.

Further submissions

HSBC told us that it accepted my provisional decision. But B made extensive further comments, many of which reiterated or reinforced points it had already made.

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 P has commented that the summary of what happened in my provisional decision wasn't an *"accurate summary of the full story contained in my complaint and supporting timeline and evidence"*. Mr P provided very detailed submissions to this service on B's behalf. I'd like to thank him for those submissions, and to reassure him that I've taken everything he's said into account. But I hope he won't regard it as a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of the complaint, in keeping with our role as an informal dispute resolution service.

In the course of my investigation, I commented to Mr P that a payment of £100 was made from B's account to the same recipient more than two weeks after the £23,000 payment. I asked what the payment was for. Mr P responded that it was *"a test in desperation to see where my £23,000 money went to by using the same drop-down menu from my saved profile"*. He said that when he didn't receive the £100 in either B's account or his own private account, it confirmed to him that the details weren't correct. When I asked Mr P why he didn't send a smaller amount, given that he'd said that the sole purpose of the payment was to see what would happen, he replied that he *"chose to send £100 which seems a small amount in proportion to the £23,000 that I already paid into this account. No reason, just a random number I selected"*.

I accept that £100 is a small amount compared with £23,000. Nonetheless, I find it surprising that Mr P would decide to risk that much money purely as a test, given that he says the £23,000 hadn't gone where he'd intended it to. I find it hard to understand why, if he wanted to carry out a test, he didn't send a much smaller amount – for example £1 or less – rather than risk losing a further £100.

Mr P has pointed out that when B made the £23,000 payment, the recipient's account name and numbers didn't match. He believes that this should have led HSBC to stop the payment. He's commented that although the sort code and account number were the same as they'd been when the £1,000 payment had been made 16 months earlier, the name of the recipient was different. And he doesn't consider it reasonable, in any event, that the CoP process wasn't followed when he made the £23,000 payment, given the interval between the two payments.

However, HSBC's record of the completed £1,000 faster payment made in December 2022 already shows the recipient's name as a company with B's own name – just as it was for the £23,000 payment which forms the subject of this complaint. And all other details of the recipient are the same too. I've asked HSBC how that came about, given that the discrepancy in the recipient name that the CoP had picked up on the December 2022 payment was that of an individual (which I understand to have been the director of the intended recipient company), rather than the name a company.

HSBC hasn't provided a definitive response, but it's provided its audit report of all payments B's made to the account that received the money. It shows that on 15 December 2022 - the day of the initial £1,000 payment - B amended the beneficiary's details.

The audit report also shows that an hour or so after the £1,000 payment was made, B instructed HSBC to make a further payment to the same account, with the beneficiary's name again shown as B's own name. As I've said, that was just one letter different from the name of the company Mr P's confirmed that the £1,000 payment had been intended to go to. The further payment was for £33,000, and was made by electronic funds transfer, authorised by the branch and sent the following day. So if the inputting of B's own name when the recipient was set up on B's account in December 2022 was a typo, it appears that exactly the same error was made when an electronic funds transfer was arranged later that day.

I've spent a lot of time trying to get to the bottom of what happened here, and it's frustrating not to be able to come up with a definitive answer. In cases like this, where the evidence is incomplete, inconclusive or contradictory, I have to decide what I think's most likely to have happened, based on all the available evidence.

Mr P has suggested that the reason why the payment for £23,000 didn't go to the intended account was that the beneficiary's name somehow got corrupted in B's list of recipients. But having thought carefully about all the evidence provided, I think the most likely explanation for the recipient's details showing as B's own name is that Mr P, or someone else acting on B's behalf, input the recipient's details in December 2022 to show the business name rather than the individual's name, and in doing so, entered the name as B's own name.

I accept that this might have been an accident. Mr P has commented that the payment would have been made using an app on a mobile phone, and he says that it's possible that a recipient's details could be amended by autocorrect or an accidental touch of the wrong key. But I don't consider that HSBC can fairly be held responsible if any such amendment resulted in a payment not being sent to the intended recipient.

Mr P has reiterated that he doesn't believe that HSBC acted promptly enough to secure the money, which it was made aware of within hours of the transaction. He says HSBC didn't start the recovery process until at least ten days after he told it about the issue with the payment.

I accepted in my provisional decision that HSBC didn't appear to have started the recovery process until considerably later than it should have done. But I also explained that I could only require it to compensate B if I considered that B had lost out as a result of HSBC's delay. And I explained that I didn't think it had. This was because I thought it unlikely that HSBC would have been able to recover the money even if it had acted within the 48-hour timeframe.

The money was transferred out of the recipient's account the morning after B made the payment. The recipient's bank tried to speak to its accountholder later the same day, having been contacted by Mr P that morning. It wasn't able to contact them, and didn't manage to recover the £10,000. As I said in my provisional decision, I don't see any reason to think that the outcome would have been any different if HSBC, rather than Mr P, had contacted the receiving bank the morning after the payment. It seems unlikely that the £10,000 would have been recovered even if it had done so.

So while I accept that it appears that HSBC didn't start the recovery process as quickly as it should have done, I can't fairly say that the delay caused B's loss.

B has now made a complaint against the receiving bank, which is being considered

separately.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 30 May 2025.

Juliet Collins
Ombudsman