

The complaint

Miss W complains a balance transfer she undertook through her HSBC UK Bank Plc app went to an incorrect beneficiary's account.

What happened

Miss W explained she made a balance transfer from a credit card held with a third-party bank to her new HSBC credit card in mid-November 2024 for over £1,000. Miss W said the balance transfer didn't show up, so she sent the funds again from her new HSBC credit card. Miss W explained the first payment did not credited her old credit card, but HSBC debited the amount twice, she therefore had a debit balance of double the amount on her HSBC credit card than she should have.

HSBC explained Miss W had sent the first £1,000 to a third-party it provided details of in its final response. This third-party is not her old credit card provider. HSBC explained Miss W arranged this transaction herself on its app with no involvement from it. HSBC explained Miss W would have selected the beneficiary herself for the balance transfer, so concluded it had not made an error.

HSBC explained it had raised a recall of the funds several days after the payment but didn't receive a response from the named third-party, so couldn't recover the funds.

HSBC did recognise it hadn't supported Miss W enough when she raised the issue, accepting she had spoken to many representatives, a complaint hadn't been raised when she asked, and she had to keep repeating herself. HSBC apologised for this service and paid £75 to Miss W for the distress and inconvenience this service caused.

HSBC confirmed to our service it was satisfied the error lay with Miss W sending the funds to a third-party. However, on review, it offered a further £125 compensation, additional to the £75 already paid, which it put in writing to Miss W in January 2025. HSBC explained it had provided Miss W with insufficient information when she had called and could have advised Miss W of the details of the beneficiary, and to pursue a claim against them, and what the outcome of the recall was earlier than it did.

Our investigator didn't think HSBC had made a mistake. They accepted Miss W had completed the transaction herself and had selected an incorrect beneficiary in the app to send the money to. Our investigator was also satisfied HSBC's app gave reasonable prompts and opportunity for customers to check they had selected the correct payee before sending any funds.

Miss W rejected our investigator's recommendation. She said HSBC didn't allow her to enter the details herself, she had to select from a pre-populated list of accounts, there wasn't a confirmation of payee check and HSBC hadn't done enough to assist her in recovering the funds.

As Miss W rejected our investigator's recommendation, her complaint has been passed to me to make 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.

I was sorry to hear of the difficulties Miss W has had regarding this payment and can see it has been a difficult time for her. I appreciate how strongly Miss W feels about her complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Where evidence is incomplete, inconclusive or contradictory, I have to make decisions on the balance of probabilities – that is, what I consider is more likely than not to have happened in light of the available evidence and the wider surrounding circumstances.

I am satisfied from the evidence provided by both parties, Miss W did not involve HSBC when selecting the beneficiary from a list of company payees in the HSBC app. I am persuaded, on balance, the evidence shows she unfortunately chose to send the payment to a company which was not the one she intended.

Having accepted this, I have then considered whether there is any reason HSBC should have intervened.

The beneficiary Miss W chose was a confirmed payee HSBC had on its app, which I am persuaded means it was unlikely to flag on any of its customer protection systems. The amount Miss W was transferring was not an usually large sum, and was apparently occurring through her registered device through a security protected app.

I therefore can't see any reason why HSBC would have intervened in this transaction or had any reason to suspect Miss W was sending funds to an incorrect beneficiary at the time she did.

Miss W has raised issues regarding confirmation of payee status and the security implications of having payees pre-populated for transfers on the app. Unfortunately, I disagree with the points she makes regarding this in her submission after our investigator's recommendation. I think it is less likely mistakes will be made when such confirmed payees are supplied by HSBC for payment, rather than relying on customers to key in the correct account number and sort code separately each time one needs to make a payment.

I now move on to what HSBC did when Miss W advised them of the issues. The Payment Service Regulations (PSRs) say payment service providers should take reasonable steps to recover funds that have been mistakenly applied to an account.

I can see HSBC tried to recall the funds on 26 November. Miss W contacted HSBC for an update throughout this period, but after 21 days HSBC closed the recall as the beneficiary had not responded to its request and classed the request as a non-recovery. In the circumstances, HSBC is limited in what it can do. It cannot withdraw the funds from the account and appears to have exhausted the recall process.

HSBC's terms and conditions for its banks accounts explains it will try to help customers recover money which has been sent to the wrong beneficiary by mistake. HSBC also says *'If the payment was to another bank in the UK and we can't recover the money, you can try to get the money back yourself. ... If you need to do this, you can ask us to help by writing to us. We'll give you all the information we've been given by the bank that received the payment.'* Although I recognise this was a credit card balance transfer, this would appear to be the best option for Miss W going forward.

For these reasons I do not uphold this complaint. I do fully appreciate this will not be the outcome Miss W hoped for, but I trust I have explained why I cannot hold HSBC responsible for a refund of the lost funds. I also think the total of £200 offered is fair and reasonable for the service issues HSBC has highlighted and is in line with what our service would expect in the circumstances.

My final decision

For the reasons I have given, my final decision is I do not uphold this complaint.

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

Gareth Jones
Ombudsman