

The complaint

Mrs W is unhappy that HSBC UK Bank Plc deducted a £3,000 temporary credit from account after a dispute she raised against a merchant for that amount wasn't upheld in her favour. And Mrs W feels that she couldn't afford for the £3,000 temporary credit to be removed from her account.

What happened

Mrs W raised a dispute against a merchant for £3,000, with HSBC. On 25 May 2023, HSBC placed a temporary credit of £3,000 into Mrs W's account so that she wasn't financially disadvantaged while they conducted their investigation into her dispute. However, HSBC later decided not to uphold Mrs W's dispute, and because of this, on 16 August 2023, they withdrew the £3,000 temporary credit from Mrs W's account. Mrs W wasn't happy about this, especially as the removal of the £3,000 left her account balance over the agreed credit limit. So, she raised a complaint.

HSBC responded to Mrs W and explained that because the £3,000 in question was a temporary credit pending the outcome of a raised dispute, the money wasn't considered to be a form of lending which meant that HSBC weren't required to make any affordability checks before withdrawing that amount. And HSBC also noted that if Mrs W was experiencing financial difficulty because of the removal of the £3,000 temporary credit, she could speak with HSBC's Financial Support Team, who might be able to assist her. Mrs W didn't accept HSBC's response, so she referred her complaint to this service.

One of our investigators looked at this complaint but didn't feel that HSBC had acted unfairly by withdrawing the £3,000 temporary credit as Mrs W believed was the case. Mrs W remained dissatisfied, so the matter was escalated 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.

When HSBC placed the temporary credit into Mrs W's account, it was always on the provision that Mrs W would only be able to keep that money if the dispute that she'd raised against the merchant was found by HSBC to be in her favour. But HSBC didn't resolve the dispute in Mrs W's favour, and as a result it doesn't feel unfair to me that HSBC would then withdraw the temporary £3,000 credit from Mrs W's account.

I also note that HSBC sent a letter to Mrs W, dated 8 August 2023, which explained that the dispute hadn't been resolved in Mrs W's favour and that, as a result, the £3,000 temporary credit would be withdrawn from Mrs W's account on or shortly after 15 August 2023. I'm therefore satisfied that HSBC gave Mrs W some advance notice that the £3,000 would be withdrawn, so that Mrs W could make any arrangements regarding the account that she needed to. And I note that HSBC withdrew the £3,000 from Mrs W's account on 16 August 2023, in line with when they told Mrs W in the letter they sent to her.

Mrs W has complained that she couldn't afford for HSBC to withdraw the £3,000 when they did. But it's ultimately the case that Mrs W had no right to that money. HSBC didn't resolve the dispute in her favour and so didn't feel that she was reasonably entitled to a reimbursement of that money from the merchant. And, as HSBC have explained to Mrs W, the £3,000 was a temporary credit and wasn't a form of formal lending.

HSBC provided the £3,000 temporary credit to Mrs W as a courtesy to her so that she wasn't financially disadvantaged while her dispute was investigated and resolved. But when the dispute wasn't resolved in Mrs W's favour, I'm satisfied that it was fair for HSBC to then withdraw the money, that Mrs W had no right to, from her account.

Mrs W has said that she was never told that the £3,000 was a temporary credit, and that she reasonably assumed that the payment into her account on 25 May 2023 represented the final resolution of her dispute. HSBC don't agree with this, and say that when Mrs W raised the dispute she would have been told that a temporary credit might be applied to her account pending the outcome of that dispute.

While HSBC haven't been able to evidence this point, I find their argument to be persuasive here, and I feel that it's more likely than not that Mrs W would have been told that the £3,000 was a temporary credit pending the resolution of the dispute. Furthermore, I also don't feel that it was reasonable for Mrs W to assume that the £3,000 credit into her account represented the final resolution of her dispute, given that Mrs W didn't receive any formal confirmation from HSBC at that time that her dispute had been resolved in her favour, as I feel Mrs W should reasonably have expected to have received.

All of which means that I don't feel that HSBC have acted unfairly by withdrawing the £3,000 temporary credit from Mrs W's account as they did. And while I note that the withdrawal of that amount did result in Mrs W's account balance exceeding the agreed credit limit, I feel that it was for Mrs W to have managed her account balance, while her dispute remained unresolved, with the knowledge that the £3,000 temporary credit could potentially be withdrawn at any time if the dispute wasn't resolved in her favour.

Accordingly, I feel that the fact that the withdrawal of the £3,000 resulted in Mrs W's account balance exceeding the agreed credit was unfortunate for Mrs W but didn't constitute an unfair act by HSBC. And I note that Mrs W made a payment into her account of £3,000 shortly afterwards, which brought the balance of the account back within the agreed credit limit.

Mrs W may feel that her having to make that £3,000 payment into her account placed her in a difficult financial position, and that she couldn't afford for HSBC to remove the £3,000 from her account when they did. But I can only reiterate to Mrs W that she had no right to the £3,000 that HSBC withdrew from her account after HSBC resolved her dispute in favour of the merchant. And, because the £3,000 was a temporary credit pending the resolution of her dispute, the obligation to ensure that Mrs W could afford for that £3,000 temporary credit to be removed rested with Mrs W herself, and not with HSBC.

Finally, I also note that HSBC did refer Mrs W to their Financial Support Team after the £3,000 was removed, and that team did provide some financial assistance to Mrs W on her account. This also seems fair to me, and HSBC's actions in this regard are as I would expect in a circumstance such as this.

I realise this won't be the outcome that Mrs W was wanting, but it follows that I won't be upholding this complaint in her favour or instructing HSBC to take any further or alternative action here. This is because I don't feel that HSBC did act unfairly when withdrawing the £3,000 temporary credit from Mrs W's account when they did, for the reasons I've explained above. I hope that Mrs W will understand, given all that explained, why I've made the final

decision here that I have.

My final decision

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

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

Paul Cooper
Ombudsman