

The complaint

Mr L, a trustee of F, a will trust, complains on its behalf that HSBC UK Bank Plc did not apply its funds to an interest-bearing account as instructed, costing F a great deal of interest it should have earned. Mr L also complained that HSBC did not make its charges clear, and so F wasn't advised that making payments of over £10,000 would be charged at £30.

I sent the parties a provisional decision on 8 October 2025, in which I set out the following background information to the complaint and my provisional findings, as follows:

'What happened

F held two accounts and an investment portfolio with HSBC, managed via its relationship manager. In early 2024 Mr L said the trustees decided to liquidate the portfolio (amounting to £1.8M) and earn interest on the proceeds. He said the relationship manager advised payment to F's interest-bearing account and F's advisers instructed this on 27 March. HSBC's relationship manager wrote on 2 April 2024: 'The closing funds from the Investment portfolio have now credited the designated business account as previously discussed'.

Mr L said they became aware that the funds were never applied to its interest-bearing account but remained in the current account and so no interest was earned. They complained to HSBC on 11 September 2024 but said on 26 September, HSBC's relationship manager said she would not be able to assist them, with no replacement contact provided.

Mr L said HSBC's first three responses to F's complaint were that no instructions were given for the transfer. He said this was untrue and counter to confirmation of the transfer from HSBC's relationship manager. He said, despite an exchange of emails from 6 March to 3 April 2024 about the transfer, the relationship manager never mentioned this would require a written request signed in line with the mandate, as subsequently stated by HSBC.

On 16 October F's trustees wrote to the HSBC account-holding branch requesting transfer of 95% of the funds to F's interest-bearing account, but without response until 15 November. And so, from 26 September to 15 November 2024 Mr L said there was no access to the accounts or to make payments. In the later complaint to our service, the trustees described further difficulties for F in setting up internet banking until the end of January 2025.

Mr L said HSBC's conduct fell below the standard expected of an FCA regulated firm and runs counter to its obligations under the Consumer Duty. He said the relationship manager's email confirming the transfer of funds was sent on 2 April, so F lost several months' interest estimated at £23,000 as of 13 November 2024. He said this loss might be continuing as they were unsure that HSBC has transferred the funds. Mr L said the trustees have also incurred legal charges from their advisers in dealing with this issue of about £3,000.

In its letters to F HSBC rejected F's complaint saying the relationship manager confirmed a conversation about moving funds, but said there had been no instruction for the transfer. HSBC said its relationship manager verbally explained the charges that apply to transactions but couldn't say when this conversation took place. HSBC refunded charges.

F's trustees were dissatisfied with HSBC's responses and referred F's complaint to our service. Our investigator recommended the complaint be upheld. She said F provided a letter of authority on 5 March 2024 authorising the portfolio to be closed. And the next day HSBC advised use of F's interest-bearing account. She said instruction for the transfer followed on 27 March with confirmation from the relationship manager on 2 April 2024.

The investigator said HSBC's assertion that it made clear to F a transfer required a written instruction is not reflected in the email exchanges. She asked HSBC to calculate interest the funds would have accrued if moved to the interest-bearing account on 2 April 2024, until F became aware of the issue and the need for a written instruction on 11 September 2024. She said delays on both sides followed. The investigator said HSBC has explained that the relationship manager's role ended as F is now considered a business customer.

Mr L said F accepted the investigator's conclusions but asked that she give further consideration to the issues that occurred after September 2024 and F's legal costs. HSBC said its calculation team confirmed that during the period F's savings interest rate was fixed at 0.00% and so there was no loss. But also put forward a calculation of interest at 1.94%, totalling £24,619.77, which it subsequently confirmed as an offer to F.

Our investigator acknowledged F's difficulty in moving funds but said this wasn't solely due to HSBC's errors. And recommended that HSBC pay the interest rate applicable for the interest-bearing account on the funds from 2 April 2024 to 11 September 2024. She said we would award legal costs where a customer has had no choice but to incur costs as a result of the bank's mistake, but in this case, F could have communicated with HSBC directly.

F accepted the calculation of interest from HSBC as applying up to 11 September 2024. But requested an ombudsman review interest payable after this and its legal fees. In support, Mr L said from September 2024 to February 2025 trustees made multiple unsuccessful efforts to engage with HSBC and to access L's funds. He said the delay (and further costs and loss of interest) was caused by HSBC's failure to engage or provide the information needed to comply with its requirements.

Mr L said he and a colleague are professional advisers appointed as professional trustees by court order with their work is paid for by F. And so, when HSBC made mistakes, it fell to the trustees to resolve these, incurring costs for which HSBC should be responsible.

What I've provisionally decided – and why

F's initial complaint is that its trustees' instructions to move money to its savings account were not acted upon despite clear instructions. The funds were applied to F's current account and earned no interest.

The trustees say HSBC misrepresented that the transfer had been carried out and a significant sum of interest was lost. They said they weren't then provided with any information about what was required to enable the transfer or about the charges. They were left without a relationship manager and with no way of accessing trust funds and were told their previous relationship manager had blocked the accounts, without explanation. It is always regrettable when we see a relatively simple process such as the transferring of funds to an interest-bearing account, go wrong. I sympathise with F's trustees for the frustration and loss they experienced. It's our role to identify where mistakes have been made and if so, look at the impact this has had on the consumer.

It's not in question that HSBC made mistakes. Subsequent to our investigator's involvement, HSBC has acknowledged that they could have been clearer in their communications and

have accepted the investigator's findings that they were responsible for the loss of interest from the non-transfer of funds to an interest-bearing account up until 11 September 2024.

I'm pleased HSBC has accepted liability for its errors as I think the emails between the parties show a clear instruction from F for its funds to be paid into the interest-bearing account. And, from the response, it was reasonable for F to assume this had happened.

The parties have agreed payment of interest for the period amounting to £24,619.77, however F's trustees say that interest should be awarded beyond this date as HSBC continued to frustrate F's access to its accounts.

The trustees also said we should offer compensation for the ongoing legal charges and the emotional impact on F's beneficiaries. On this latter point, a trust may be caused inconvenience – but isn't a 'natural person' and can't have hurt feelings. So, we wouldn't award compensation for distress or pain and suffering to a trust, even if its beneficiaries have experienced those types of impacts individually as a result of the bank's errors.

I'm pleased HSBC has refunded bank charges applied to F's account that weren't previously explained. I think the remaining issues concern the award of interest post 11 September, the professional fees now at around £8,000 that F has incurred and inconvenience caused to F.

F's lost interest post 11 September 2024

Mr L said F had no access to its bank accounts and so its funds were inaccessible, and it couldn't make payments. They wanted a method of contacting the branch or to be allowed to set up internet banking to ensure they had access to the funds. Mr L also said they were unaware of HSBC's process requirements for transfers.

HSBC's relationship manager wrote to F on 13 September 2024 that to transfer funds a signed letter of authority is required including the sum to be transferred. I haven't seen that this was previously explained. F sent an electronically signed transfer instruction without a specified sum on 16 October 2024. This request was frustrated by HSBC's requirement for wet ink signatures and F's inability to determine the account balance. It appears that HSBC set out its signature requirement for the first time in its email of 20 November 2024, which also stated that the trustees could apply for online banking via HSBC's website.

I don't know if online access had only then been made available to F by HSBC, or whether F could have obtained this previously. Perhaps HSBC could explain, and say if Mr L is correct that until 20 November the trustees had no way of accessing F's accounts or the balances, and say if its relationship manager put a block on F's accounts so that no payments or transfers could be made. Mr L says this is why they encountered problems with the online banking setup and had to request a percentage of the balance to be transferred rather than a figure - though I would have thought an estimate possible.

It looks to me that HSBC should have retained the relationship manager for F during this very difficult period or at least communicated far better about the withdrawal. The withdrawal of the relationship manager was stated to F on 26 September 2024, but when the trustees asked about a replacement, HSBC didn't provide any contact details or an explanation until 30 October 2024.

Mr L asked if there was anything the trustees did or did not do in moving and accessing funds which we believe contributed to the delay after 11 September 2024. He said they would be 'very happy for you to let us know what this was'. This is important as we would expect complainants to do what they reasonably could to minimise any impact of a business error.

From the timeline of the events, I think there were short periods when the trustees were responsible for delays, for instance it took F from HSBC's letter of 13 September about

transferring funds until 16 October 2024 to respond. However, HSBC had not explained its requirements at this stage and so the delay continued. And F's trustees were trying to gain information about the account access and balance. It also took the trustees from 21 November to 16 December 2024 to apply for internet banking. And then a short delay in amending F's contact address.

However, from what I have seen the greater delay was HSBC's in accepting it had acted in error with the transfer and addressing the consequences of this mistake. HSBC should have helped F to achieve its aim of accessing and transferring funds, but instead it provided little assistance to deal with the outstanding issues.

Mr L has said HSBC's lack of response to F meant the trustees have been unable to access or manage F's funds from 26 September until 15 November 2024. He also told us: 'The estimated total loss in interest to the trust is £23,011.23 as at 13 November 2024, and this may well be continuing to accrue given that we are not clear whether or not HSBC has actually transferred the funds.' I understand this was an estimate, but note that the interest now agreed exceeds F's expectation until 13 November 2024. It would help if Mr L explains his figure for interest and why he now feels the end date he gave no longer applies.

From what I have seen HSBC provided relevant information to F by 21 November 2024 about the transfer and its requirements. I think F could have instructed the transfer successfully at that point and so I am currently minded to extend the calculation of interest until then.

F's professional fees

Mr L said F has incurred substantial legal costs due to the time and effort required to address the issue with HSBC. Our service does not generally award professional costs to consumers as we expect the complaints process to be navigable in normal circumstances, and for consumers to meet their own cost in time of bringing a complaint. We may make an exception where to progress a complaint required technical or professional support.

Notwithstanding the legal responsibilities of the trustees, I think the problems faced by F in dealing with HSBC were not of themselves of a legal nature. They concerned attempts to make contact and understand HSBC's transfer process – issues faced by consumers on a daily basis. I think any non-professional trustee could have carried these out.

Mr L gives an example of another ombudsman who awarded legal costs to a lawyer effectively acting as a Trustee for someone unable to manage their own affairs. I'm not aware that the non-professional trustees lacked capacity, but if this is the case I would be prepared to reconsider this point. Otherwise, it looks quite different to F's situation.

F's inconvenience

Mr L explained that he and his colleague are professional trustees, and so they work for a company that provides these services. This means they would likely experience inconvenience in the course of carrying out their job. So, we wouldn't generally award compensation for that – as the impact is likely to be on the company they work for, and part of carrying out their role. However, I think that F as a trust has been inconvenienced.

The inconvenience caused to F comes back to HSBC's failure to accept the evidence of the conversations relating to the transfer request when submitted by F and accept that it failed to advise F on what was required to carry out the transfer. I think that by not resolving communication issues HSBC caused F unnecessary inconvenience.

From the timeline and records I agree with Mr L that F has expended substantial time and effort to address the problems caused it by HSBC before and after the date for which interest has been agreed. This included further frustrations from HSBC about F setting up internet banking that lasted until the end of January 2025.

Much of this could have been avoided if HSBC had got a grip on the issues and communicated its requirements clearly. F was left without a relationship manager or an explanation about making contact and carrying out transfer payments.

I have provisionally decided the issues of professional fees above, but because I can see substantial inconvenience caused by HSBC to F I am currently minded to award £1,250 compensation to the trust. Our guidance states that this is a fair amount to reflect serious disruption to normality over a sustained period, with the impact felt over many months, sometimes over a year.'

My provisional decision and the parties' responses

In my provisional decision I said I am likely to require HSBC to pay the interest agreed between the parties of £24,619.77, if not already paid up until and including 11 September 2024. And further interest from 11 September 2024 up to and including 21 November 2024 at the applicable rate. I also intended to require HSBC to pay F £1,250 compensation for the inconvenience it has been caused.

HSBC has not responded to the questions I set out within my provisional decision, but it has said that it accepts the outcome of the provisional decision. Mr L, on behalf of F, also broadly agreed and responded according to the headings within my provisional decision.

F's lost interest post 11 September 2024

Mr L agreed with my suggestion to extend the calculation of interest by way of recompense to F to 21 November 2024. In response to my questions, Mr L set out F's previous calculation of interest, which differed from HSBC's, and said F may not have applied interest correctly or may not have had the correct figure for the balance held. He said HSBC will have the better understanding and F is happy to accept their calculations.

Mr L said the end date of 13 November 2024 to which interest was calculated in the original complaint was simply the date when the spreadsheet was prepared, with no particular significance. He said subsequent references to 15 November were due to this being the first date on which F received communication from HSBC after being told by the business manager that she would 'no longer be able to assist with any queries, payments or transfers'.

F's professional fees

Mr L reflected on my comment that our service, *'does not generally award professional costs to consumers as we expect the complaints process to be navigable in normal circumstances, and for consumers to meet their own cost in time of bringing a complaint.'* He said the trustees remain of the view that professionally appointed trustees are not 'normal' consumers, they are professionals appointed by the court whose time is to be paid for.

Mr L agreed with my comment that any non-professional trustee could have carried out the tasks required in dealing with the complaint, but he said there were no non-professional trustees available to do this, *'because (as is normally the case) the Court had only appointed professionals'*. Mr L said the costs of the professionals have to be borne by the trust and thus the appointment is only made in exceptional circumstances as the court is aware that

this will have an impact on the value of the trust fund and consequently the underlying beneficiaries.

Mr L referred to the case he had previously mentioned that was decided by another (non-financial) ombudsman. Here the ombudsman awarded professional costs for a legal professional appointed by the court. Mr L asked me not to focus on the lack of capacity in that case. He said it was not a case of the applicant wanting a more expensive service, and in comparison to F's complaint, it's not that F chose to incur costs, but costs are an inevitable consequence of the appointment of the professional trustees and the bank's mistakes.

F's inconvenience

Mr L agreed my provisional findings as to the payment of £1,250 compensation for F's inconvenience.

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.

In my provisional decision I said HSBC accepted responsibility for its errors. I am pleased HSBC has also accepted my provisional findings as I remain of the view that most of the difficulties that F has suffered could have been avoided if HSBC had got a grip on the issues and communicated its requirements clearly. As I have said, F was left without a relationship manager or an explanation about making contact with HSBC and carrying out transfer payments.

I am grateful to Mr L for his detailed response to the provisional decision. Mr L has provided explanations concerning F's original calculation of lost interest and the dates used during F's complaint, and I accept these. I note Mr L's acceptance of the extended date for the calculation and award of lost interest and the payment of compensation for its inconvenience. Having thought about these issues again, I see no reason to change my original findings as I consider them to be fair and reasonable response to the circumstances of the complaint.

I have considered Mr L's further comments to see if these change my reasoning concerning the recovery of the professional fees that F has incurred in dealing with its complaint.

In respect of F, much of the trustees' normal work concerns the administration of F's fund which would incur costs to the trust in the normal way. I accept what Mr L says about the trustees not being 'normal' as they were appointed as professionals. My use of 'normal' was in terms of not awarding professional costs where the complaints process is ordinarily navigable by a non-professional complainant. I have reviewed a number of complaints concerning will trusts and the complaint process has generally been navigable without the trust incurring professional fees.

I get the point Mr L makes about the appointment of professional trustees for F by the court. However, the appointment of the trustees was not as a result of any action or inaction by HSBC, but for other reasons and to award their professional costs against HSBC would be to make the bank responsible for that decision, which does not seem to be fair.

The point about the appointment of the trustees may also distinguish F's complaint from the other case to which Mr L has referred. The ombudsman there considered the professional costs to be allowable for the claimant, and it would appear that this was due to the individual

circumstances of the case and the level of legal input required to the construction and presentation of the case.

F's trustees decided to bring the complaint to our service rather than to a court, where a claimant would normally seek the recovery of costs incurred. As an informal resolution service, we are accessible and focussed on finding a fair outcome, but we would only award professional costs where these were necessarily incurred in the construction and presentation of the complaint.

Mr L agrees that 'any non-professional trustee could have carried' out the tasks required to deal with the delay and to progress the complaint. However, he said in this instance there was no non-professional trustee who was able to do this, because (as is normally the case) the court had only appointed professionals. F could have delegated the work of the complaint to anyone else, including a beneficiary, and we would also treat them as an eligible complainant in their own right. I am of the view that this was possible for F's complaint.

Having reconsidered the professional costs incurred by F in the light of Mr L's comments, I remain of the view that it would not be fair to award these against HSBC. The option of court action remains open if F does not accept my decision.

Mr L has also mentioned that accumulated income of £1,752.65 from the sale of investments managed by HSBC may not have been paid to F. We have sent HSBC's calculation to F for reconciliation. As this wasn't part of F's complaint, if the trustees are dissatisfied about this, they can raise a new complaint to HSBC.

Putting things right

Having reconsidered the issues in this complaint in the light of the parties' comments and agreement with much of the findings, I remain of the view that my provisional findings are fair and reasonable in the circumstances of the complaint.

Consequently, the complaint is upheld and if accepted by F's trustees will be binding on HSBC. HSBC will then be required to pay F the compensation set out below. If F decides to reject this decision it will be of no legal effect and the trustees can continue to pursue F's complaint by other means, such as legal action.

My final decision

For the reasons I have given it is my final decision that the complaint is upheld. If accepted by F's trustees, I require HSBC UK Bank Plc to pay F interest at the appropriate rate for the period as previously agreed until 11 September 2024. And in addition, for the period from 11 September 2024 up to and including 21 November 2024.

And I also require HSBC UK Bank Plc to pay F £1,250 compensation in respect of the inconvenience the trust has been caused by HSBC's poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask the trustees on behalf of F to accept or reject my decision before 20 November 2025.

Andrew Fraser
Ombudsman