

The complaint

Mr D complains on behalf of the estate of his late father, Mr D, that HSBC UK Bank Plc failed to process cheque payments and then destroyed the cheques.

What happened

Mr D is the executor of his late father's estate. In July/August 2025 he received 13 cheques for premium bonds payable to him as executor. He said seven were deposited via HSBC's mobile app without issue, but six cheques, with a total value of £275, were deposited via an HSBC prepaid envelope, but rejected by HSBC as, 'Payee does not match account.'

Mr D said that other than the amount, the six rejected cheques were identical in payee details and format to those HSBC accepted. He called HSBC who confirmed this was an HSBC processing error and apologised.

In its response to a complaint, HSBC said the cheques should have been processed as there was no reason for rejection. And the cheques had been destroyed for security reasons. HSBC said Mr D should approach the payer for replacements as they will see from the reference number they have not been cashed and can reissue the unpaid ones. HSBC refused to reimburse the £275 value but offered Mr D £250 as a goodwill payment for the inconvenience, which he rejected.

Mr D wasn't satisfied with this response and referred his complaint to our service. He said HSBC should reimburse the £275 it has lost and should pay compensation of £500-£750 for the distress and inconvenience its error and the consequent delay has caused. He said HSBC should acknowledge the financial and emotional impact of its actions. He said subsequent cheques received from the same payer were processed by HSBC without issue.

Our investigator didn't recommend the complaint be upheld. He said HSBC couldn't say why identical cheques had been treated differently. He said HSBC then destroyed them in line with standard banking practices. He said HSBC was correct not to pay the £275 value of the cheques as this is due from the payer and Mr D had said replacements were provided.

The investigator pointed out that the complaint is brought by the estate of the late Mr D and not in a personal capacity. He said this limits the remedies available in that a payment for distress can't be made. And said it wouldn't be reasonable to ask HSBC to pay more than the £250 compensation it has paid Mr D

Mr D said the investigator had got his facts wrong and requested an ombudsman review his complaint. He said later cheques from the payer were new payments not replacements for those destroyed by HSBC and he hadn't requested replacements. Mr D said the complaint was lodged in his personal capacity as executor and account holder and HSBC addressed everything to him. And so, he personally experienced financial loss, wasted time, and emotional distress. Mr D said he had not agreed or received the £250 offered by HSBC.

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 learn that Mr D's trust in HSBC has been damaged despite banking with them for many years. It is always regrettable when a straightforward process such as paying in a cheque goes wrong. I sympathise with Mr D for the frustration he experienced. It's our role to identify if a business has made a mistake and if so, look at the impact this has had on the consumer.

There are two points to make at this stage; firstly, it is not in question that HSBC made mistakes. They acknowledge they should have treated the cheques Mr D paid in consistently and that this has caused him inconvenience.

The second point is that complaints that we can consider concern the *'provision of, or failure to provide, a financial service'*. In this case the service was to the estate of the late Mr D and for that reason the complaint is brought and lodged on behalf of the estate. HSBC has corresponded correctly to Mr D in his name in his capacity as executor. This means Mr D is not the complainant but a representative of the estate of his late father. Only an eligible consumer can suffer distress – not a representative. This is not to diminish the pain and distress that Mr D has suffered from his experience during his bereavement, but to make the point that this cannot be considered in terms of any award against HSBC.

An estate can, however, suffer financial loss and inconvenience and I have considered the information about this that Mr D has provided. He said, despite admitting fault, HSBC refused to reimburse the £275 value of the cheques and placed the burden on him to resolve the issue with the payer.

I can see that HSBC has followed its security procedures in destroying the cheques that weren't processed but it would have been helpful if these had been retained at least until HSBC's inconsistent approach towards the cheques had been identified. This would have allowed the cheques to be re-presented and the problem resolved. As it was, the estate has been caused inconvenience in dealing with the issue.

I'm glad to see that HSBC has apologised to Mr D for its error in rejecting some of the cheques. Mr D is unhappy to be told that he should seek replacements from the payer. Our investigator incorrectly stated that Mr D had received replacement cheques from the payer; whereas Mr D said the payer had issued, *'further Premium Bond cheques'* which HSBC has *'accepted without issue'*. I apologise for this error and for the investigator saying that Mr D had been paid the £250 compensation, which he rejected.

The investigator was correct to say that HSBC's role is to process cheques, not to guarantee payment. And so, it isn't HSBC's responsibility to pay Mr D the value of the cheques. It's not clear to me why Mr D has not approached the payer to have the unpaid cheques replaced. This is a fairly standard process and the payer in question states this can be achieved via an online account, using its web chat service, or by calling 08085 007 007. HSBC has said the payer would be able to identify that the unprocessed cheques were unpaid via the cheque reference number and because the funds would still be with them.

We expect complainants and their representatives to mitigate the impact of a mistake by a business that they have suffered where possible so as to minimise the inconvenience. In this case Mr D could have removed the loss and minimised the delay by obtaining replacement cheques. Were HSBC to pay the value of these cheques there could potentially be double redress obtained and that would be an unfair outcome to the complaint.

Mr D said the £250 goodwill offer from HSBC is inadequate given the financial loss, and the probate delays. He said he wasted over 90 minutes on calls and the complaint during his bereavement. I sympathise with him for what happened, but I have to be mindful of the constraints on awards that I have mentioned.

Our guidance on compensation awards states that an award between £100 and £300 would be appropriate, '*where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out.*' I think this description meets the circumstances of the present complaint.

In conclusion, HSBC has said it should not have rejected the cheques and I have said it could have retained them until the matter was resolved. But I have not seen sufficient impact on the estate of the late Mr D to decide that the offer of £250 compensation is inadequate. I recommend that Mr D contacts HSBC to accept this offer for the complaint as I consider it to be fair and reasonable in the circumstances.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask the estate of Mr D to accept or reject my decision before 3 March 2026.

Andrew Fraser
Ombudsman