

The complaint

X has complained that HSBC UK Bank Plc has behaved unfairly regarding a sum debited from X's account, including wrongly registering a default.

What happened

A family member transferred EUR 43,423 to X's account. However, due to an error by HSBC, the sum was credited twice. When the error was discovered, HSBC re-debited one of the sums. It paid £200 compensation to apologise for the mistake.

However, when HSBC re-debited the second payment, it had already been transferred out of X's account. This left the account in significant arrears. HSBC required repayment of the sum, but this didn't happen and the account was defaulted.

One of our investigators looked into what had happened, but didn't think the complaint should be upheld. She thought it was reasonable of HSBC to require repayment of the balance.

X disagreed, and said, in summary, that the default was fabricated and has caused significant upset, and that they'd always been willing to pay the sum back, once the default was removed.

The complaint's now been passed to me.

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.

Having done so, I'm not upholding it. I know X feels very strongly about what's happened, but I'll explain why I think HSBC has acted fairly.

Due to an error made by HSBC, X's account was credited twice – so EUR 86,846 was received into the account, rather than EUR 43,423. Shortly afterwards, HSBC advised about the error, and re-debited EUR 43,423.

However, X had transferred £74,014.70 (after conversion) to another HSBC account, and then to an external bank account, transferring £25,000 a day over three days. These sums were then transferred out again on the days they were received.

One month later, HSBC debited X's current account by £37,007.35, because the double payment had not been paid back into the premier account. It explained it had done this as it was left with no choice, as the funds were outstanding on the currency account.

I'm satisfied that this was fair. HSBC's terms and conditions allow for the right of set-off (where funds may be taken from one account, to clear an outstanding balance on another). And I'm satisfied that X reasonably knew the funds were owing. X (and his family member, who has made submissions to our service) had previously told HSBC they knew who had

the funds. And from when the error came to light, HSBC had repeatedly explained repayment was due.

HSBC also explained that as the negative balance did not form an arranged overdraft, that debt recovery proceedings may begin. It also gave details about numbers to contact regarding a repayment plan. Ultimately, when no payment was received, the account was defaulted (following a pre-demand notice and a final demand notice).

I think it was clear that the sum was paid twice, in error, and X would have been reasonably aware the funds were not theirs. And at various points, it was stated that the holder of the transferred sum was known, that X's family member now had the funds, and that a loan had been taken to make repayment. And HSBC was also told that what X had done with the money was none of its concern. I don't think it was unreasonable for it to ask, given the sum was fairly owing.

For these reasons, I think it fair that the account status was recorded as it was on X's credit file, as it is an accurate reflection of the status of the account. Despite multiple attempts to have the money returned, this didn't happen.

While I appreciate the initial mistake was HSBC's, it paid £200 compensation for this. I think that was fair. I don't think its error means it shouldn't require repayment of the extra sum. And I don't think it unreasonable not to remove the default, given it is accurate.

My final decision

For the reasons given above, it's my final decision not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 9 March 2026.

Elspeth Wood
Ombudsman