

## **The complaint**

This complaint is brought on behalf of Mr R's estate by his son. The estate complains that HSBC UK Bank Plc did not close one of Mr R's accounts as it should have done after he died.

## **What happened**

Mr R died in July 2013. He held several business accounts with HSBC, including a Business Money Manager account.

In September 2013 HSBC wrote to Mr R's widow with a list of the accounts and their balances. Just over a year later, the funds in the accounts were transferred to an account in her name and that of Mr R's son, who brings this complaint.

However, funds in the Business Money Manager account, totalling over £27,000, were not transferred and remained with HSBC. Neither the bank nor Mr R's estate identified that the account was still open until the bank withdrew the account from its product range in 2025. At that point it closed the account and transferred funds to the business account which had been linked to it – and which it had to reopen for that purpose.

Mr R's son complained on behalf of the estate. He said that the account should have been closed at the same time as the other accounts. HSBC said that it was unable to locate the instructions it had been given in 2014, but concluded that it was more likely than not that it had made an error; it was unlikely that it had been told to keep one account open.

The bank explained that it had received no later instructions in relation to the account and that it had therefore remained open. It paid the balance on the account (which by this time was about £1,000 more than it had been in 2013) to the estate and offered a further £2,000 in compensation.

Mr R's son did not accept the bank's offer and referred the matter to this service. One of our investigators considered what had happened, but concluded that the bank's offer was fair in the circumstances.

The estate did not accept the investigator's assessment and asked that an ombudsman review the case. Mr R's son said, in particular, that the estate had been deprived of funds and that the investigator should have followed this service's usual practice and recommended that the bank pay interest at 8% a year on the funds which had been held in the account.

## **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.

There is no real dispute about the facts in this case. HSBC accepts that, whilst it does not have a record of the instructions which the estate provided in September 2014, those

instructions were likely to have been to transfer all the funds from all the accounts to the new joint account.

The estate has not suggested that it ever gave HSBC any further instructions in respect of the account. It was, in effect, forgotten by both parties for more than 10 years.

HSBC has not been able to provide statements for the account, but it did provide the investigator with historical interest rates for the account going back to 2017 – the earliest it said were still available. For much of that time, rates were very low. For example, between June 2020 and March 2022 the account paid just 0.01% a year – a little over £2 a month on the account balance in this case. Before that, the highest rate was only 0.18% a year.

Whilst the information about interest rates is limited, I am satisfied that interest was applied in line with the account terms until the account was closed.

Mr R's son says however that the estate has been deprived of funds and should be compensated for that. This service should award interest at 8% a year on the account balance from September 2014 (when it should have been closed) to the date it was closed.

It is correct that I can make an interest award where I consider it to be fair and reasonable to do so and that our approach has generally been to use a rate of 8% a year. I do however have a discretion, both in terms of whether to award interest and in terms of the rate and period used to calculate it.

Having considered very carefully whether I should award interest in this case (whether in addition to or having regard to that paid on the account itself), I have concluded that it would not be fair to do so. In my view, and whilst HSBC accepts it made an error in not transferring funds to the estate in 2014, it cannot properly be said that the bank's actions deprived the estate of funds. They were available at any time, and I accept that HSBC would have transferred funds to the estate if it had been asked to.

I think it is also significant that the estate did not follow up on the "missing" account, even though HSBC had provided a list of accounts and account balances in September 2013. The Business Money Manager account made up more than 25% of the total balance on the accounts, so its exclusion from the funds transferred to the joint account would have been significant.

In my view, therefore, HSBC's offer of £2,000 is a fair and reasonable one and I do not believe I can properly require it to offer more. The estate says that it does not represent 10 years deprivation of funds. But, for the reasons I have explained, I do not believe the estate has been deprived of funds. The figure is intended to compensate the estate for the distress and inconvenience it has suffered. Given that the bank resolved the issue very quickly once it came to light, I think it is fair and in line with our published guidelines. I note too that, since the estate was not aware of the problem for nearly all of that time, it cannot be said to have suffered significant inconvenience.

I therefore simply leave it to the estate to decide whether, on reflection, it wishes to accept HSBC's offer.

**My final decision**

For these reasons, my final decision is that I do not uphold the estate's complaint.

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

Mike Ingram  
**Ombudsman**