

The complaint

Mr V complains about how HSBC UK Bank Plc handled his credit card balance transfer.

What happened

In November 2024, Mr V tried to complete a balance transfer of £2,900 from his HSBC credit card to another credit card held with a company I'll refer to as 'A'. However, instead of selecting A as the beneficiary of the balance transfer, Mr V accidentally selected an entirely different third party. So, Mr V ended up transferring £2,600 to the third party, who I'll refer to as 'B'. A's account was held with another bank that I'll refer to as 'C'.

One week later, not realising what had happened, Mr V told HSBC his balance transfer hadn't gone through. HSBC said it wasn't possible to transfer a balance from A to HSBC, as A is also a part of the HSBC Banking group. So, it asked for the balance transfer to be returned and applied a temporary credit of £2,900 to his HSBC credit card.

In December 2024, HSBC reversed the temporary credit after being unable to recover the balance transfer. It said it would try recover the transfer again. In February 2025, HSBC issued a final response to Mr V. This confirmed they had reversed the temporary credit and his December 2024 statement confirmed the minimum payment owed on his account. As Mr V didn't make the full minimum repayment due in January 2025, it had applied a late fee. HSBC said it had contacted C again, but referred Mr V to our service in the meantime.

Later in February 2025, HSBC later explained to Mr V that he'd selected B as the recipient of the transfer so it had gone to B's account. HSBC said it had been requesting the payment made to B be returned since November 2024 without success. So, HSBC said it was unable to credit the balance transfer back to his credit card. HSBC again referred Mr V to our service.

One of our investigators looked into Mr V's complaint. After contacting C, the investigator was told the funds would be sent to HSBC's 'suspense account' but C didn't provide further details. HSBC said it couldn't locate the payment and asked for the date it was sent. As HSBC didn't receive this, the balance transfer had not yet been returned to Mr V.

Our investigator concluded that HSBC was not obliged to refund Mr V's £2,900 transfer to B. They said HSBC had acted in line with its obligations and the terms and conditions of Mr V's account. However, the investigator noted that in November 2024, HSBC had wrongly told Mr V that the reason the balance transfer had failed was because A was part of the HSBC Banking group. Instead, it should have told him he'd input B's details when attempting the balance transfer. So, the investigator said HSBC should pay Mr V £75 to compensate him for this error.

HSBC accepted our investigator's opinion but Mr V did not. He emphasised he'd suffered a £2,900 loss for over a year and said the terms and conditions of his account shouldn't override the bank's duty of care to him. Mr V said HSBC had added interest and fees to the outstanding balance and hadn't offered him a instalment plan. Mr V added that the incorrect

information HSBC gave him prevented him from taking timely steps to trace the funds himself.

Our investigator explained to Mr V that HSBC had still contacted B to try recover his payment straight away even if it gave him incorrect information. The investigator said we aren't able to look into Mr V's complaint about HSBC's actions after the date of its 4 February 2025 final response, including any difficulties he may be having in repaying the outstanding balance owed to HSBC. Instead, Mr V should contact HSBC to raise a new complaint about its actions after its 4 February 2025 final response. At Mr V's request, this complaint was referred for an ombudsman's 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.

I'm only considering HSBC's actions until 4 February 2025, when HSBC referred Mr V to our service. If Mr V wishes to complain about HSBC's actions beyond this date, he should raise a new complaint with HSBC directly. This means I've not considered Mr V's concerns about interest and charges applied to his account beyond 4 February 2025 or HSBC's attempts to check whether B did transfer the payment back into its suspense account.

Turning to the balance transfer in November 2024, I understand Mr V says he put in the right name and account number for A and HSBC didn't check his transfer request properly. However, it was ultimately for Mr V to be satisfied he was paying the right party. The terms and conditions of his account also say that HSBC isn't liable if Mr V gives it the wrong details for a payment:

"We won't have to give you a refund if you give us the wrong details for a payment or cash related transaction. Or if we can show that the bank we made the payment to received it. If this happens, we'll help you to recover the money but we may charge a fee to cover our costs."

So, I think the terms of Mr V's account are clear that it won't take responsibility if Mr V gives the wrong details for a payment. Mr V has accepted he selected B instead of A when completing the transfer. I do sympathise with Mr V, as he made a mistake. However, HSBC wasn't obliged to give him a refund of his payment to B. Instead, HSBC says only that it will try recover the money.

Having reviewed the evidence provided by HSBC, I'm satisfied HSBC has provided proof it made reasonable attempts to recover his money before its final response of 4 February 2025. It has provided evidence of its attempts to contact C, which it acknowledged. So, I think HSBC did what it was obliged to do under the terms and conditions of his account.

I sympathise with Mr V that he has accidentally made a payment to B that wasn't recovered. However, I'm satisfied that the terms of his credit card show HSBC wasn't obliged to refund his £2,900. This means HSBC was entitled to ask him to repay this money at the time of its February 2025 response to his complaint. I note Mr V says HSBC didn't properly advise him about making payments on the disputed amount and he didn't make payments because it was under investigation. However, I think HSBC was clear the £2,900 credit was temporary. HSBC wrote to Mr V on 18 December 2025 to let him know its attempts to recover his transfer had been unsuccessful and it would re-debit its temporary credit of £2,900 in seven days. HSBC then issued a statement in December 2024 that the minimum payment due by

18 January 2025 was £37.13. The January 2025 statement showed the £2,900 re-debit had been processed on 27 December 2024, in line with HSBC's previous letter.

So, at the time of its 4 February 2025 final response, I can't see any evidence to show HSBC gave Mr V the impression there was no need to repay the £2,900 or that he indicated difficulties in repaying this. I don't think HSBC made an error here.

Overall, I think HSBC met its obligations to make reasonable attempts to recover Mr V's payment, and it was entitled to ask him to repay the outstanding balance owed to it. However, I agree with our investigator that HSBC made a small error in its communication with Mr V.

HSBC initially told Mr V that the balance transfer hadn't been completed because A was part of the same banking group as HSBC. Instead, it should have told him he entered the wrong recipient and the payment had been sent to B. However, based on Mr V telling HSBC that he had sent the balance transfer to A, which is indeed part of the HSBC banking group, I think HSBC's error was somewhat understandable. Nevertheless, HSBC is the expert here and it didn't give the right explanation about why the balance transfer had failed.

I've considered the impact this mistake had on Mr V. HSBC's wrong information didn't affect HSBC's attempts to reverse the balance transfer or significantly delay things, as it still attempted to recover his money shortly after Mr V notified it of the problem. Mr V says he was prevented from making his own timely enquiries but I've seen nothing to show he would have been able to recover his money if HSBC had given him the right explanation sooner. So, I think £75 compensation fairly reflects the impact of HSBC initially giving Mr V the wrong explanation about why the transfer failed.

Putting things right

If it hasn't already, HSBC UK Bank Plc should pay Mr V £75 compensation. If the compensation has already been paid, no further compensation is due.

My final decision

My final decision is that I require HSBC UK Bank Plc to pay Mr V £75 compensation, if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 26 March 2026.

Victoria Blackwood
Ombudsman