

The complaint

Mr K has complained about the way HSBC UK Bank Plc dealt with a claim for money back in relation to a purchase he'd made using his debit card.

What happened

Both parties are familiar with the circumstances of the complaint which I'll briefly summarise here. In April 2025 Mr K asked HSBC to dispute a transaction for £505.18, that he'd made using his debit card. HSBC raised a chargeback and the card scheme agreed a refund in May 2025, but HSBC didn't apply the refund until November 2025.

Mr K said that at the same time a County Court Judgement (CCJ) was in the process of being registered against him by an unrelated party, the judgement was made in May 2025. He said that if the chargeback refund had been applied correctly, he would have settled the debt within the statutory one-month period and avoided registration of the CCJ which would be in place for six years. He said he was unaware of the CCJ until he applied for other credit, and was declined, in October 2025. He complained to HSBC in November 2025.

HSBC looked into the complaint and agreed it had made a mistake. It apologised for its error, ensured that the refund was applied and also paid £250 in compensation. It issued a final response on this basis in November 2025.

Mr K referred his complaint to the Financial Ombudsman. An investigator here considered the complaint. She said that as Mr K had said he was unaware of the CCJ until October 2025 it didn't follow that he would have been able to use the refund to settle the CCJ within the statutory period. She thought the compensation was fair as it couldn't be assumed that Mr K would have used the funds to settle the outstanding debt.

Mr K didn't agree. In summary he said:

- He had been deprived of funds that were rightfully his for a period of six months.
- It was unfair for HSBC to retain the funds where financial consequences were clearly foreseeable.
- The lack of funds removed his ability to act on the debt which was as a direct result of HSBC's failure.
- He asked for an ombudsman to consider whether £250 adequately reflected the seriousness, duration and consequences of the service failure, even if the CCJ itself was not directly treated as a loss.

As an agreement couldn't be reached, the case has been passed to me to make a 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.

In considering what is fair and reasonable, I need to have regard to the relevant law and

regulations, regulators' rules including Consumer Duty, guidance and standards, codes of practice and (where appropriate) what I consider having been good industry practice at the relevant time.

I want to acknowledge I've summarised the events of the complaint. I don't intend any discourtesy by this – it just reflects the informal nature of our service. I'm required to decide matters with minimum formality. But I want to assure Mr K and HSBC that I've reviewed everything on file. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues. Our powers allow me to do this.

I also need to make clear that this Service is neither the industry regulator nor a court of law. We don't fine and punish businesses, nor do we award punitive damages. Our role is to assess whether a business has acted fairly and reasonably and, if not, whether it's taken fair steps to put things right.

In this case I don't consider it necessary to go into detail on the chargeback itself, all the parties agree that the chargeback was successful and a refund should have been provided to Mr K on the 20 May 2025. It's also accepted that due to HSBC's error that refund wasn't applied until 6 November 2025.

While I'm sorry to hear about what happened, I agree with our investigator's assessment for broadly the same reasons. Mr K says that he's suffered a loss as a consequence of HSBC's mistake. But there's a lot to think about when deciding whether losses should be payable in these sorts of situations. I need to think about whether the losses were directly flowing from the mistake; whether Mr K has tried to mitigate his losses; and whether they were reasonably foreseeable or too remote. I can't say it is more likely that had the funds been available Mr K would have been able to settle the debt; he's said that he wasn't even aware of it until sometime after the statutory period. And I simply don't have enough evidence to say that he likely would have paid that debt if the money was available to him and therefore avoided the debt altogether. I don't think the loss that he's claiming directly flows from HSBC's mistake nor would it have been reasonably foreseeable by HSBC.

Deciding compensation is not an exact science here. I do think from what Mr K has said that he's made a reasonable effort to sort things out and he's clearly faced distress and inconvenience. I've thought about our website guidance on such awards, and I think the amount HSBC paid was fair and reasonable together with its apology.

HSBC said it would also consider refunding the cost of appealing the CCJ if evidence was supplied. Mr K hasn't provided anything further, but should he now want to do so he'll need to contact HSBC directly about that as I'm not including it in my direction.

HSBC has also agreed to pay 8% simple interest on the refund of £505.18 between 20 May 2025 and 6 November 2025, as Mr K was deprived of funds during that period. I also think that this is fair and reasonable given the circumstances. I'm not going to direct it to pay more.

My final decision

My final decision is that HSBC has already paid fair compensation to settle the complaint. I also direct it to pay 8% simple interest* on the sum of £505.18 for the period between 20 May 2025 and 6 November 2025.

* If HSBC UK Bank Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much tax it's taken off. It should also

give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 April 2026.

Caroline Kirby
Ombudsman