

The complaint

W, a limited company complains that HSBC UK Bank Plc is unfairly refusing to pay money to its director and shareholder, Mr B

What happened

W used to hold a business bank account with HSBC. In July 2021, HSBC wrote to W to say that it had carried out a redress project which identified that W was due a refund of interest of around £140. W's bank account had already been closed, so HSBC sent W a payment request form to complete.

HSBC received the completed form which asked for the money to be paid to Mr B's bank account. HSBC told Mr B that as W was still active on the Companies House register, it could only make the payment to the account holder.

Our investigator didn't recommend that W's complaint be upheld. She explained that HSBC could only pay the refund to an account in W's name. If W is officially dormant, a subsidiary could access the money. But in W's case, there is no subsidiary to receive the funds in W's place and according to Companies House, W is not officially dormant.

Mr B is unhappy with the investigation outcome. He says he's asking HSBC to pay him the refund as the sole shareholder as W is currently dormant and won't be reactivated in the near future.

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 sorry to disappoint W, but like the investigator, I don't uphold its complaint. When HSBC wrote to W to tell it about the refund, the letter made it clear that the account holder must be the individual or entity due the refund. In W's case, Mr B as shareholder is not the individual or entity due the refund – that is W. So, I agree that HSBC doesn't need to pay the refund to Mr B, even though he is the sole shareholder.

Although it might not be convenient – it would be possible for W to open a bank account in its own name to receive the refund. So, I can't fairly find that HSBC is refusing to make the payment.

HSBC has explained that where a company is dormant, it is possible to make the payment to a subsidiary company. In W's case, it is still listed as active on Companies House and there is no subsidiary company for HSBC to pay as an alternative. So, I can't fairly require HSBC to make the payment to a different account.

I'm satisfied that HSBC has explained to W what steps it would need to take to receive the refund. As I don't find HSBC has done anything wrong or treated W unreasonably, I don't have grounds on which to uphold W's complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 6 October 2023.

Gemma Bowen
Ombudsman