

The complaint

Mr W has complained on behalf of his limited business, B, that HSBC UK Bank Plc provided incomplete bank statements which had a knock-on effect on the business.

What happened

Both parties are aware of the circumstances of the complaint, so I won't repeat them in detail here. In summary, Mr W says that the statements he downloaded monthly for B's account have been missing transactions for many years. He discovered this during an audit after closing the account and feels this has caused damages for B in excess of £1,700,000.

HSBC explained that their system was showing no issues with the transaction details so thought any missing items were likely due to a glitch. As a result, they offered B £500 compensation. Mr W did not accept this and referred the complaint to our service. Our Investigator felt that there was an indication that HSBC had made an error which caused incorrect statements to be produced, but did not agree that all of the consequential losses Mr W had mentioned were as a direct result of the error. They recommended an increase in compensation to £1,750 for the inconvenience caused to B.

Mr W disagreed on behalf of B so the complaint was passed to me. I came to a different outcome to the Investigator so I issued a provisional decision which read as follows:

Based on what I've seen so far, I'm not minded to increase the offer already made by HSBC of £500 compensation. I'll explain why in more detail.

I'll firstly focus on the cause of the issue, which is the online statements not downloading correctly. The initial problem is that due to the length of time it took Mr W to make a complaint on behalf of B, which was around three years, HSBC no longer had any evidence of what the online portal would have shown in regards to B's statements. So this information is no longer available to me.

Because of this, the only evidence I have available is Mr W's own spreadsheet with the transactions he says was missing, as well as statements in a pdf format that Mr W says were the downloaded statements and finally the full statements sent from HSBC. Comparing the full statements with the transactions Mr W has said were missing, I can see that full pages of transactions were missing and these are often the last page or pages of the month.

When I've then compared this to the statements Mr W says were downloaded from the online portal, there is no correlation with the amounts Mr W says are missing. It appears there are more transactions missing from the downloaded pages than what Mr W has recorded on the spreadsheet. Considering this, it is difficult to see what the error is and how it could have occurred.

As the statements provided are inconclusive, I've considered everything else available to me. As previously mentioned, HSBC has confirmed there were no known issues with downloaded statements at that time. Considering that this issue appeared to only affect Mr W and from what he has provided it appears it was generally the last pages of the month, I have to consider the possibility that the initial error has been caused by a user error by Mr W. In any event, I've not seen enough to persuade me that it's more likely HSBC has caused the initial error of the missing transactions Mr W found during his audit.

I will, however, explain my thoughts on the redress that was recommended and Mr W's claim of consequential losses, for completeness. Even if I were to agree that HSBC was at fault for partial statements being supplied to Mr W, I still would have felt that the original offer of £500 compensation was fair in the circumstances. I'll explain why.

Firstly, I want to set out that as the complaint has been brought by W which is a limited company and therefore a separate legal entity that cannot experience distress. So when considering compensation, I am only able to take into account the inconvenience and reputational damage caused to the business itself.

As a limited company, B has a responsibility to keep its own accurate records, through invoices, bills and other sources. While it is clear that Mr W has relied on the downloaded statements, HSBC has said that paper statements would also have been sent to B. Mr W has said the business moved regularly, however, it would be reasonable to expect that B should have kept HSBC up to date with their correct address. In any event, I would have expected Mr W to realise much sooner that such a large amount of transactions were unaccounted for over a ten year span had he been keeping accurate internal records for B.

With all this in mind, along with the fact that direct losses as a result of an error should be relatively foreseeable, I don't agree with the consequential losses Mr W has mentioned. I think B has some responsibility for not realising there was an issue sooner and for not keeping their own accurate records of their balances. Mr W made the choice to stop trading following the audit while he sorted out the issue, however I don't think this was a foreseeable consequence of the transactions not appearing on the statements. And this is also true for the accounting and legal fees Mr W has cited.

Based on what I've seen so far, I'm currently not minded increase the offer previously made by HSBC of £500, which they have said is still available to B if they accept it.

HSBC responded and accepted my provisional findings, and agreed to honour the offer of £500 compensation.

Mr W responded on behalf of B and provided significant amounts of further comments and evidence for me to consider. In part, this included information about B's accountants which Mr W felt were unprofessional and did not handle the finances of B correctly. As well as further evidence of missing transactions on the statements, highlighting that the printed pages had discrepancies which he felt also proved HSBC made the error and not him.

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.

Mr W has provided detailed submissions to our service in relation to B's complaint and additional comments and evidence in response to my provisional decision. I appreciate the

time he has taken to provide this information. In keeping with our role as an informal dispute resolution service and as our rules allow, I will focus here on the points I find to be material to the outcome of B's complaint. This is not meant to be a discourtesy to Mr W and I want to assure him I have considered everything he has submitted carefully.

Mr W has provided additional spreadsheets again to highlight that he feels HSBC caused the error and it was not a user error by himself. He has pointed to the print outs he provided and feels they do not have enough page numbers for the transactions they should contain. I've looked over this evidence and having done so, this does not change my initial findings as set out in the provisional decision. Namely that the print outs provided do not tally with the spreadsheets so it is difficult to see what the error could be and how it occurred.

In HSBC's initial response to B's complaint, they could not explain how the missing transactions occurred as they had no evidence of them being missing. This was because the account had closed almost three years prior so they no longer had access to what the CVS download would have shown. They have since looked into it further and their technical team have not found any other known issues with CVS downloads and, as mentioned above, their system shows all of the transactions for B's account with none missing.

As I explained in my provisional decision, where the evidence is unclear and I have two differing versions of events, I have to consider everything else available to me. Having done so in this case, I've still not seen enough to persuade me that it's more likely the initial error was likely caused by HSBC. However, as I said in my provisional decision, even if I were to agree with Mr W on this point, I would still have recommended the £500 compensation and would not have directed HSBC to increase this.

Mr W has asked for evidence that HSBC sent him full statements in the post. HSBC have confirmed that B was also set up for paper statements, and I can see in Mr W's submission to our service that he does not deny that B received paper statements, just that he could not rely on them fully as they changed address frequently. As the duplicate statements that HSBC has sent our service contain all of the transactions, I think it is more likely that the paper statements also would have contained all of the transactions.

I appreciate Mr W's comments about the accounting firm B used during the period in which he says the incomplete transactions were being downloaded on CVS. He feels the combination of the accounting firm that I'll call 'D' and the incorrect data from HSBC caused the losses he is claiming. I do appreciate that B had problems with D, but I don't think this detracts from Mr W's responsibilities as a director to keep accurate company records for B including its financial records. And this is the case even if he used an accounting firm. Overall, I think it is reasonable to expect that the significant number of missing transactions would be spotted sooner keeping in mind a director's responsibility to keep accurate company records.

As I said in my provisional decision; with all this in mind, along with the fact that direct losses as a result of an error should be relatively foreseeable, I don't agree with the consequential losses Mr W has mentioned. I think B has some responsibility for not realising there was an issue sooner and for not keeping their own accurate records of their balances. Mr W made the choice to stop trading following the audit while he sorted out the issue, however I don't think this was a foreseeable consequence of the transactions not appearing on the statements. And this is also true for the accounting and legal fees Mr W has cited.

As B is a limited company and therefore a separate legal entity that cannot be distressed, I can only take into account the reasonable inconvenience caused to the business and the reputational damage. Keeping in mind the limitations above, I agree that the £500 compensation would be a fair offer had HSBC made the error initially.

My final decision

I don't think it's more likely that HSBC UK Bank Plc caused the error in relation to the missing transactions.

HSBC UK Bank Plc have agreed to honour the original offer of £500 compensation and I now direct them to pay this to B.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 14 September 2023.

Rebecca Norris
Ombudsman