

The complaint

Ms G on behalf of club M and M ("M"), complains that HSBC UK Bank Plc ("HSBC") revoked Business Internet Banking (BIB) access without prior notice due to inactivity and about the delays experienced in reinstating it. Ms G is also unhappy that HSBC failed to remove an individual from the mandate which she believes contributed to the delays in reinstating the BIB access. Ms G wants HSBC to compensate M for financial loss resulting from not having access to the account.

What happened

M holds a business account with HSBC. In May 2021 Ms G tried to access M's business account online and was denied access. HSBC explained that access to online banking had been revoked as there had been no activity on the account for over six months. This was due to the pandemic preventing M from operating during the period. Because M wasn't registered for telephone banking it meant its funds couldn't be accessed.

HSBC's records show it wrote to M on 28 April 2021 asking it to reapply for BIB as it had been deleted. HSBC received a new application from M for BIB on 11 May 2021. HSBC responded to this by letter dated 18 May requesting a copy of M's governing document showing that the committee agrees Ms G could have access to BIB and that it accepts the primary user will have access to the accounts online and the ability to make payments.

In response to this, minutes of an emergency meeting held by the committee of M was sent to HSBC confirming it agreed for Ms G to be the primary user for BIB.

In June Ms G visited a branch of HSBC to try and arrange access to M's business account and discovered a former treasurer was still named on the account. Ms G says she'd previously removed this individual 20 years earlier but this hadn't happened and so they'd tried again to do this in 2018 by completing another mandate to have the individual removed.

Another mandate was completed but was rejected as it wasn't authorised by the current secretary, instead being signed by the chair. HSBC also rejected the minutes of the meeting provided for BIB reinstatement as it needed to see the governing document.

On 30 June Ms G was told over the phone that the governing documents hadn't been received and were required. At this point Ms G raised a complaint regarding the delays in granting access to BIB and that she'd been asked to complete the same forms several times.

Following this Ms G visited a branch of HSBC with the current treasurer of M and they both provided ID documents. They discovered that the previous mandate hadn't been actioned and were advised to complete another one.

HSBC's records show that by 13 July it had received the new mandate and the constitution and confirmed the documents had been scanned and referred for action.

HSBC's internal notes from 23 to 27 July show it wasn't able to grant access to BIB as M's constitution indicated that two people were required to sign for transactions, whereas the application stated Ms G was to have authority to make payments on BIB solely. HSBC acknowledged the minutes showed the committee had agreed Ms G could have sole authorisation but said it couldn't override M's constitution. HSBC suggested an amendment to the constitution to allow for a sole signatory for BIB.

On 3 August HSBC approved the BIB application on receipt of the amended constitution and BIB was reinstated the following day. It was confirmed Ms G had access to BIB from 8 August 2023.

HSBC didn't uphold M's complaint. It explained that its terms and conditions say that access to BIB will be removed automatically for security purposes if no one has logged on within a certain period. It says the delays in re-registering for BIB were caused by governing documents not being included initially with the application and that when they were provided they weren't signed in accordance with the mandate which required two individuals to sign. The request was authorised once a revised constitution was received.

Ms G was dis-satisfied with this and on behalf of M referred the complaint to this service.

One of our investigators looked into the Ms G's concerns and reached the conclusion that terms and conditions for BIB allow for access to be removed due to three months inactivity and as BIB hadn't been accessed in over 12 months HSBC hadn't done anything wrong in removing access.

They thought the delays in reinstating access to BIB were primarily caused by HSBC not receiving the correct documentation or not being authorised correctly and didn't think HSBC failing to remove a signatory had any bearing on this.

They agreed that communication between HSBC and Ms G was difficult and not always clear which caused Ms G some distress and inconvenience. But as Ms G wasn't the eligible complainant – M was - they couldn't consider compensation for Ms G being inconvenienced personally. And although there were some delays due to the checking of documents by different departments – they thought the delays weren't unreasonable especially considering slower processing times weren't unusual during this time due to the pandemic.

Ms G disagreed and has asked 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 hope that the Ms G won't take it as a discourtesy that I've condensed the complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of the complaint is that HSBC revoked BIB access and that the delays in reinstating it were due to errors on its behalf and Ms G wants to be compensated for this.

I've no doubt Ms G has invested a considerable amount of time in collating evidence and trying resolve the administrative issues M has experienced with its banking with HSBC. Our investigator has already provided a detailed background of the events surrounding Ms G's complaint and I don't see any use in repeating that here.

It might help if I explain that my role is to look at the problems the consumer (in this case organisation M) has experienced and see if HSBC has done anything wrong or made a mistake. If it has, I would seek – if possible - to put the consumer back in the position they would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable if I consider it warranted.

I understand that M's BIB has now been reinstated and its banking mandate has been updated. So what I need to decide is whether M is due any compensation for the delays experienced in having these issues resolved.

I understand Ms G feels that compensation is warranted given the distress and inconvenience she's suffered due to the delays in the reinstatement of BIB. But as has already been explained by our investigator Ms G is not the complainant here, she is merely acting on behalf of M and so it is not in my powers to make an award for any distress and inconvenience she feels she's suffered personally – though I do appreciate the difficulties she's had.

And having considered everything I don't think HSBC did anything wrong when it removed BIB access following a period of inactivity. HSBC's terms and conditions say that a user's access to BIB can be removed if it isn't used for three months. It's already been established that M's accounts hadn't been accessed for longer than this.

I appreciate that there was good reason for the inactivity – M wasn't trading due to the pandemic and this is unfortunate. But that doesn't mean HSBC shouldn't continue to follow the processes it has in place to protect its customer's accounts from unauthorised access.

I'm also not persuaded the delays in re-instating BIB were unreasonable or solely due to a failure of HSBC's. To have BIB reinstated HSBC asked for two things – a copy of M's governing document and confirmation that the committee agreed that Ms G would be the primary user having the ability to make payments online.

But only the minutes were sent in and HSBC only received the constitution on 13 July. Following review of this HSBC discovered the constitution required two signatures to transact, so HSBC suggested the constitution be amended to cater for M's request that Ms G was able to solely use BIB. I accept at this point there was around a two week' delay while the documents were reviewed. But this was also partly down to HSBC ensuring that M followed its own constitution and I haven't seen anything to show me that this two weeks caused direct financial loss to M's business.

Ms G complains that HSBC failed to remove an individual as a signatory on M's accounts. This individual shows to have still been a signatory on the accounts in 2018 long after Ms G says HSBC was asked to remove them. Ms G believes that this error contributed to the delays and administrative issues experienced in having BIB reinstated.

I can see that there was a request to have this individual removed as a signatory in October 2018, but it is not clear to me why this didn't happen. Whether it was again a case of HSBC not receiving the correct documentation or authority to have the individual removed, or whether there was an error on HSBC's part in processing the request. Whatever the case, I accept this issue has been an ongoing problem for M.

But I don't think it matters as things don't always go smoothly. And not every mistake warrants compensation. And as I can't see this has had any bearing on the delays

experienced in having the BIB reinstated or any evidence that M has suffered financially because of the individual remaining on the mandate, I'm not persuaded an award of compensation is justified or will make a material difference.

So it follows that I do not uphold M's complaint.

My final decision

For the reasons I've explained I've decided not to uphold Ms G's complaint on behalf of M and M against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask M and M to accept or reject my decision before 10 November 2023.

Caroline Davies
Ombudsman