

The complaint

Ms J complains that HSBC UK Bank Plc didn't apply pending transactions to her credit card account and charged her interest. She is also unhappy with the way HSBC handled things. Ms J wants compensation for the trouble and upset she experienced. She also wants HSBC to refund her the transactions and interest she was charged.

What happened

On 29 December 2020, Ms J contacted HSBC to report fraudulent transactions had been made on her account. She told HSBC that she didn't want to cancel her credit as she was using the card for online festive shopping. And didn't want to wait for a new card to be issued. So, Ms J arranged to confirm transactions with the bank when she used her card.

HSBC looked into Ms J's claim and refunded the disputed transactions. HSBC also asked Ms J about two payments of £1,585 and £47.50 which were made in December 2020. Ms J confirmed these as genuine and requested these be allowed to be paid. HSBC told Ms J that the transactions were in pending status and would be applied to her new credit card when a statement was generated. However, the transactions weren't applied to Ms J's account until June 2021. Up until this time the transactions had been in an interest free holding account.

Ms J noticed the transactions on her account statement, and she says she was shocked by the sudden increase in her balance. She immediately called HSBC to try and find out more about the transactions. But the bank didn't provide her with a proper explanation about why the transactions had taken six months to appear on her account. Between June and August 2021, Ms J had to make several phone calls to HSBC, however, HSBC didn't escalate the matter to the correct department and didn't respond to Ms J within agreed timescales. So, Ms J raised a complaint.

In response, HSBC apologised and accepted it should have applied the transactions to Ms J's account sooner than it did. HSBC also accepted that it had provided Ms J with poor service because she had to contact the bank on numerous occasions and each time the bank hadn't provided her with a proper explanation about why this had happened. HSBC offered Ms J £100 for the trouble and upset this had caused her.

Ms J didn't accept HSBC's offer. She pointed out that she'd been a loyal customer of the bank for over twenty years and that she feels very let down by how she's been treated. Ms J says she took all necessary steps to ensure that all her credit card transactions were transferred over to her new card and feels it is unacceptable for HSBC to charge her for transactions six months after being made. She said HSBC should refund the transactions that were applied late and correct her credit file which has been negatively impacted by HSBC's actions.

One of our investigators looked into Ms J's complaint. She didn't think HSBC should refund the two late transactions as they were made by Ms J for goods and services she received. She also said that Ms J hadn't paid any interest on the amounts until the transactions had been applied to her account in June 2021. And she hadn't seen any evidence that Ms J's

credit file had been impacted. She agreed that HSBC should have provided Ms J with better service but said that £100 was fair and reasonable to compensate for any trouble and upset Ms J had suffered.

Ms J disagreed. Ms J has explained that prior to the two late transactions being applied to her account she was paying minimum interest payments. So, to put things right, she says HSBC should waive the interest applied to her account from June 2021 (around £370) until now whilst she waited for HSBC to respond to her complaint. And having to escalate the matter to our service. She also says the amount of compensation offered doesn't go far enough to compensate her for the amount of time she has spent trying to resolve things with HSBC.

As no agreement could be reached the matter has come to me to decide.

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 very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Ms J and HSBC have said before reaching my decision.

It's not in dispute that a mistake happened when the pending transactions Ms J made in December 2020, weren't applied to Ms J's account until June 2021. HSBC has also accepted that it should have provided Ms J with better service when she contacted the bank seeking an explanation about why the pending transactions took so long to appear on her account. HSBC accepts it didn't provide Ms J with a reasonable explanation and didn't deal with her calls as it should have. So, the issue I need to decide in this decision is what should be done by HSBC to put things right considering all the circumstances.

I think it's clear that the account balance was important to Ms J from the numerous calls she made to HSBC trying to find out what had happened. And I've no doubt that it would have come as quite a shock to Ms J to see transactions appear on her account that she thought she'd already paid – especially as she'd recently been the victim of fraud and budgeted on the basis that her account was up to date. But I don't think it's unfair for HSBC to ask Ms J to repay the late transactions, which were genuine spending by Ms J for goods and services she received. So, HSBC would be wiping off debt Ms J owed.

Ms J has said she hasn't repaid the full statement amount because of her dispute about the late transactions. I've considered Ms J's argument, but I don't think this meant HSBC should have prevented interest being applied to her account. Because the statement balance wasn't repaid it meant interest was able to be applied to the account for the entire statement balance, which included the late transactions. I don't think HSBC has treated Ms J unfairly here. Although I accept Ms J is unhappy to repay the late transactions, I don't think HSBC made an error in charging interest. I've also kept in mind that up until June 2021, the transactions were held in a pending account – so Ms J hasn't paid any interest on the transactions between December 2020 and June 2021. It follows that as HSBC haven't made

an error with how they have applied the interest I won't be asking them to refund Ms J the interest that was applied to her account.

Ms J has said she wants more than £100 compensation to resolve this matter. She's pointed out that she is a professional person and has spent a considerable amount of time trying to sort things out with HSBC, which was tedious and stressful. I should explain that our awards are designed to reflect the actual loss, trouble, and upset caused to the consumer by something a financial business did wrong. We are not here to punish financial businesses. Nor can we award compensation as a means of punishing a business for a consumer bringing their complaint to this service.

I accept that Ms J would have been shocked to see transactions she thought she'd paid applied to her account several months after she made them, and the subsequent poor communication from HSBC clearly caused Ms J further stress and inconvenience. It's not possible to give back Ms J her time or take away the upset caused. HSBC has accepted its service fell short and didn't respond to Ms J when it said it would. It has apologised to Ms J and offered her £100 compensation. I've no doubt that having to chase the bank repeatedly caused Ms J a good deal of frustration and inconvenience. But I think the bank's offer is a reasonable reflection of what went wrong and the impact on Ms J. So, I'm not going to ask HSBC to do anything more regarding this aspect of Ms J's complaint. I think the offer of £100 is fair and reasonable.

In summary, it's clearly caused Ms J inconvenience when transactions were applied late to her account, and she received poor service from HSBC when she tried to sorting things out. So understandably she's upset, and I realise she will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I won't be asking HSBC to do anything more to resolve Ms J's complaint.

My final decision

For the reasons I've explained I don't require HSBC UK Bank Plc to do anything more to resolve Ms J's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 22 August 2023.

Sharon Kerrison
Ombudsman