

The complaint

Mr and Mrs G complain that HSBC UK Bank Plc didn't provide the service it should have when they were trying to make a payment for a car.

What happened

On 28 January 2023, Mr and Mrs G attempted a debit card payment to pay for a new car. The card machine lost contact and as no authorisation receipt was produced the transaction was attempted again. This time the card was rejected. Mr G contacted the bank and was told the payment had gone through, but the garage told him it hadn't received the money. Mr G called the bank on the following Monday and Tuesday and was told his balance amount and that his available balance was around £18,000 lower due to the pending payment. He visited his branch and was told the same.

On Wednesday, Mr G checked again with his bank and was told his available balance was now the same as his actual balance as the pending payment had been returned. He says he was told he could do another card transaction for the car. Mr G says this was confirmed to him by another agent and in branch. He returned to the garage and paid for the car.

Mr and Mrs G then received a text saying that the bank had agreed an unarranged overdraft on their account. They didn't know why they had received this message. Mr G phoned HSBC and was told that two payments had been made to the garage. He was then told that one of the payments would be returned to his account and a dispute raised. Mr G asked how this could have happened but he didn't feel he was given a satisfactory response and raised a complaint. He said HSBC didn't respond fully to his complaint points and he didn't think the compensation paid was enough given the upset this issue had caused.

HSBC said that the payment Mr G made on 28 January was processed correctly and the amount was showing in his account as authorised with the payment pending. It said Mr G made several calls saying the garage had cancelled the payment and he raised a dispute resulting in funds being credited to his account. Mr G then visited a branch after the disputed funds had been applied to his account and was advised of his available balance. Based on this he attempted the transaction again but at the same time the original transaction was also made. HSBC didn't accept that it had done anything wrong but noted that Mr G had said he had been caused distress and inconvenience due to the calls he needed to make, visits to the branch and also the upset this issue had caused. Because of this it credited his account with £150.

Our investigator noted that HSBC's terms and conditions state that it can provide an unarranged overdraft without advance notice and while the duplicate transaction wasn't intended, she said that HSBC wouldn't have been aware of this. She noted the expenses Mr G had incurred in dealing with the issues (calls and visits to branch) and also thought that HSBC could have been clearer in its communication with Mr G about what was happening. But noting when the issue was resolved she thought that the £150 compensation was sufficient.

Mr and Mrs G didn't agree with our investigator's view. They didn't accept that their points

had been addressed nor that the distress this issue had caused had been taken into consideration.

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 G has provided detailed submissions in support of his case. I appreciate the time he has spent on this, and I do not underestimate the upset this issue has caused. I would like to reassure Mr and Mrs G that I have considered all the evidence that has been provided but my decision focuses on what I consider to be the key complaint points.

Mr G has asked why the bank allowed their account to go overdrawn without any consultation. I can understand why this was of such concern, but I cannot say that HSBC did anything wrong by allowing the account to go into an unarranged overdraft. The account terms and conditions allow for unarranged overdrafts and explain when these can occur and while I appreciate this was caused by a duplicate transaction, I cannot say that HSBC would have been aware of that. So, in regard to this point I do not find I can say that HSBC did anything wrong by allowing the account to go into an unarranged overdraft.

Linked to the above point is Mr G's question about why a second transaction to the garage was allowed given insufficient funds in their account and why a transaction was actioned several days after the payment was initially made.

HSBC has explained that the issue arose as the first transaction Mr G made was authorised and then a further transaction was made resulting in the payment being taken twice. I note Mr G's comments about this not being the garage's fault and him considering it to be a mistake by the bank. However, as the initial payment was authorised, and Mr G had been told this at the time I can also accept the bank's position that it didn't do anything wrong by allowing both transactions to take place. That said, when Mr G contacted the bank a couple of days after the initial payment had been authorised, but the garage still hadn't received the funds, he was led to believe that this transaction was no longer pending and he was fine to go ahead with another transaction. This is why he made the second transaction which resulted in the issues with the unarranged overdraft. So, while HSBC may not have been wrong to put through the two transactions, it hadn't provided Mr G with clear information regarding his account and that the transaction was still pending. Because of this I find it didn't provide Mr G with the service it should have.

I understand that this issue has caused Mr and Mrs G distress and inconvenience. I have listened to the calls provided between Mr G and the bank and I can hear how upset he is about the account being allowed to go into an unarranged overdraft. Given this I think it reasonable that they are paid compensation.

On the call on 3 February, Mr G is reassured that the funds have been returned to his account and a dispute raised. I can see from Mr and Mrs G's account statement the two debited amounts and the return of one of these. He is further told that due to the unarranged overdraft being cleared no charges will be applied to his account. So, while I can appreciate he had to spend time on calls resolving the issues, and I can hear the distress the uncertainty around the overdraft caused, I also find that HSBC did act in a timely way to address the issue and prevent any additional costs arising.

HSBC has paid Mr and Mrs G £150 compensation. I know that they do not think this is enough. I understand that they made visits to the branch and also calls to the bank and I have taken into consideration that this issue caused them a great deal of distress and

inconvenience at the time. But I have also noted that there were no charges applied to their account and the money was returned in a timely way. Given this I find the £150 compensation awarded by HSBC is reasonable.

My final decision

My final decision is that I do not require HSBC UK Bank Plc to do anything further in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G and Mrs G to accept or reject my decision before 3 January 2024.

Jane Archer
Ombudsman