

Ombudsman Decision**CIFO Reference Number: 24-000075****Complainant: Ms M****Respondent: HSBC Bank Plc, Jersey branch**

The Complainant, who I shall refer to as Ms M, complains that HSBC continued to charge three months of underfunding fees on her account after they had agreed to waive charges.

Background

Ms M held an account with HSBC and in both September and October 2023 a monthly underfunding fee of £35 was charged to the account. Ms M said that when she queried this, HSBC agreed to refund the charges but had not done so and advised her to increase her deposit to the required level. Notwithstanding this, a further three months' charges were applied. She therefore raised a complaint with HSBC

HSBC refunded the first two months' fees in January 2024. They said that the charges are applied on the 5th working day two months after the underfunding occurs and that, as the account remained below the minimum level throughout September, October and November 2023, a further three months' charges were applied.

Ms M did not accept HSBC's response and said when she had been made aware that she needed to deposit further funds to avoid the charges, she did so, but continued to be charged and asked CIFO to consider her complaint.

The adjudicator recommended that the complaint should not be upheld. She said that the eligibility criteria for the account was detailed in the online

¹ Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

application and the right to charge underfunding costs was set out in HSBC's terms and conditions and tariff of charges. The charges had been explained to Ms M when she contacted the Bank in November 2023. As such, she said that HSBC had been entitled to charge the further three months' fees complained about.

Ms M remained unhappy and requested that I review her complaint and issue a Final Decision.

Findings

I have considered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint. Where necessary or appropriate, I reach my conclusions on the balance of probabilities; that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances.

Ms M said that she was unaware of the underfunding charges and called HSBC on 7 November 2023 about them. She said the call handler advised her to increase her deposit to a minimum of £50,000 and said she would help her to waive the two months' charges. Ms M said she asked what date the next charge would be and was told 9 November and so she made a further deposit on 8 November to avoid another charge.

HSBC provided CIFO with a copy of the online account application made on 8 September 2020. In that application the initial deposit is recorded as 100,000 GBP and the customer eligibility criteria is noted to be “*savings of fifty thousand*”. The estimated value of the funds expected to be retained with HSBC over the next 12 months is entered as “*100000 GBP*”.

HSBC have also provided CIFO with a copy of their expat account terms and conditions effective from 1 March 2019. They say:

"To open and maintain HSBC Expat accounts you must meet our eligibility criteria at all times. Our eligibility criteria can be found in the Tariff of Charges on our website: [expat.hsbc.com](https://www.expat.hsbc.com). Our eligibility criteria may change from time to time."

“...you must always maintain our minimum relationship balance (“Relationship Balance”). If you don’t we may charge you an underfunding fee (“Underfunding Fee”). Our Underfunding Fee is charged on each HSBC Expat account for each calendar month that you don’t meet the eligibility criteria. It is your responsibility to ensure that you maintain the Relationship Balance in your accounts. If you are charged the Underfunding Fee you authorise us to deduct this from one or more of your HSBC accounts. We usually apply the Underfunding Fee in the calendar month following a month when you do not hold the Relationship Balance.”

The tariff of charges states:

ELIGIBILITY CRITERIA FOR HSBC EXPAT

Service	Minimum Relationship Balance	Underfunding Fee
HSBC Premier	£50,000*	£35*
HSBC Advance	£25,000*	£15*

Our fees are usually deducted on the fifth working day of the month, or the next working day after the fifth. |

A screenshot from HSBC’s systems has also been provided that shows Ms M’s account held a balance below the minimum threshold in July, August, September, October and November 2023 and also in January 2024.

Ms M provided CIFO with documentation to demonstrate that she did deposit additional funds into her account on 8 November 2023, but prior to that date there would have been a November balance below the minimum.

CIFO obtained and listened to two telephone call recordings:

The first is a call of 7 November 2023 during which the call handler investigated whether there was a way to amend Ms M’s account so that she

did not incur underfunding charges. Another type of account was discussed, however, the call handler made it clear that it was not possible change the account and she was required to keep a minimum balance of £50,000 in the account, failing which she would incur the underfunding fee of £35 per month. Ms M requested a refund of the two months' charges that had been applied and was advised to add money to the account to bring it up to the minimum criteria and once that was done, Ms M could call back and the call handler would try and help with a refund. There was no specific agreement in that call to refund the charges.

The second call took place on 20 December 2023 between an HSBC employee and Ms M in response to the complaint she had raised. The HSBC employee acknowledged that a colleague had agreed to refund two months' fees which he said he would honour and credit to the account. He said that the fee is due if the balance falls below the minimum required of £50,000 and is applied on the 5th day of the second month following. He also observed that there would be another charge coming out in January.

I do not agree that a refund was agreed during the first call, but nevertheless the refund was agreed by the Bank representative on the second call and was paid to Ms M.

I have noted that the reference to the charge being applied on the 5th day of the second month following does not accord with the information detailed in the terms and conditions or the tariff of charges but I do not find that this made any difference to the charges that were applied.

Taking all of this into account, I find that HSBC have acted reasonably and in accordance with the conditions applicable to the account which were made clear to Ms M in the first call.

Final decision

My final decision is I do not uphold this complaint.

Douglas Melville
Principal Ombudsman and Chief Executive

Date: 1 April 2025