

The complaint

Mr H complains that HSBC UK Bank Plc, trading as first direct, failed to process direct debit payments to a cryptocurrency firm, and refused to replace his debit card.

What happened

Mr H has an account with first direct. He used to use his debit card to make online payments to purchase cryptocurrency, but in late 2020 he found he was unable to do so. He complained to both businesses, and they said they were not at fault. Being sceptical about first direct's answer, Mr H brought this complaint to our Service. He said that HSBC must be blocking the payments on purpose, because HSBC did not approve of cryptocurrency. Mr H also complained that when he had asked for first direct to send him a new card, it had refused to.

First direct said that it had not received any payment instructions for it to either authorise or decline, and it provided screenshots to prove this. It suggested that there must have been a technical error known as "link loss," by which the payment instruction had been lost between first direct's authorisation centre and the other firm's own authorisation centre. First direct said it was not responsible for this. It also said that replacing the card would not have helped, and so it had not done so as there was no need.

Mr H referred his complaint to our Service, but our investigator did not uphold it, because first direct's explanation was consistent with what the cryptocurrency firm had told Mr H – it too had listed a technical fault as one possible reason for Mr H's payments not going through. The investigator also accepted that the screenshots were convincing evidence.

Mr H did not accept that decision. He referred to online news articles which reported that HSBC has started blocking payments for purchasing cryptocurrency. He asked for an ombudsman to review HSBC's policy. He also said he had removed his first direct card from the app he was using to make the purchases, and when he had tried to re-register the same card it had not been accepted. He argued that this would not have happened if first direct had sent him a new card.

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 have seen first direct's screenshots, and I think they are convincing evidence that no payment instructions were received by first direct. There was one payment to another third party which was authorised during the relevant period, and any declined payments would also have shown up too, but there were no other transactions recorded. That strongly supports first direct's explanation that a technical fault had occurred which prevented any payment instruction being received by first direct from the cryptocurrency firm. Since that explanation is consistent with what the cryptocurrency firm independently told Mr H, there is no evidence to contradict it. And since there was nothing wrong with Mr H's card, I don't think I can fault first direct for not replacing it.

I can understand why Mr H is sceptical, because there are indeed some recent (January 2021) news articles which report that HSBC no longer permits payments for purchasing cryptocurrencies.¹ Nevertheless, I cannot infer that this is the reason why his payments did not go through in 2020, because there is clear evidence that his payments were not declined by HSBC or first direct. (It might explain why he couldn't re-register his card on the app recently, but that was not the reason Mr H couldn't make payments in 2020.) There is no evidence that this policy was already in effect in 2020, and first direct specifically denies it.

Mr H has asked me to comment on these reports about HSBC's new policy. I don't think this complaint would be the right place for me to do so, because that issue is moot, since I am not persuaded that it is the reason why Mr H's payments failed. It's a matter I could only consider in the context of a complaint about payments which were declined in 2021 because it was HSBC's policy to decline them. That does not seem to have happened here.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 June 2021.

Richard Wood
Ombudsman

¹ See for example <https://www.thetimes.co.uk/article/bitcoin-holders-barred-from-depositing-profits-in-uk-banks-pgswbfrdz> and <https://currency.com/hsbc-blocks-cryptocurrency-transfers>