

The complaint

Ms L complains that HSBC UK Bank Plc has allowed fraudsters to transfer money out of her savings account.

What happened

Ms L held savings in an ISA with HSBC.

Over the space of two days, a caller spoke with HSBC and arranged for payments of £3,015.44 and £957.36 to be transferred out of Ms L's ISA to another provider. A further £2,200 was then transferred into Ms L's ISA from an account which was not her own, before a final payment of £2,200 was paid out of her ISA.

Ms L spotted the transactions the following day and reported them to the bank's fraud department. She hadn't authorised the transactions and was extremely concerned that fraudsters had been able to gain control of her money in this way.

HSBC accepted Ms L hadn't authorised the transactions and arranged for her to be fully reimbursed a few days later.

Ms L complained about the way HSBC had handled the matter. She explained she'd initially had difficulties getting through to the bank to report the matter by phone. And then when she'd been into branch, she'd found the bank's staff to be unhelpful and unsympathetic. She said the whole situation had made her feel very anxious and she wanted to understand how her money was able to be stolen in the first place.

HSBC responded to her complaint and offered a total of £80 for the issues Ms L reported. As she was unhappy with the bank's offer, Ms L referred the matter to our service.

Our investigator upheld this complaint. They noted HSBC had reimbursed Ms L for the theft of her money in the way she'd asked it to, but they felt the bank should offer more compensation. Our investigator recommended HSBC should pay a total of £250 for the distress and inconvenience Ms L experienced.

Ms L didn't accept our investigator's opinion. She felt the bank should pay a lot more compensation for the way it'd treated her. HSBC neither accepted nor rejected our investigator's opinion. As no agreement could be reached, the matter has been referred to me for a 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.

There's no dispute in this case that Ms L was not the originator of the transactions she flagged to HSBC's fraud team. All parties accept these transactions weren't authorised. And accordingly, the bank's arranged for her to be fully reimbursed for the amount that was stolen in a way that Ms L has accepted.

In addition to this, I can see the bank has arranged for some of Ms L's security details to be reset, and it's advised her of how the other party affected by these transactions can pursue their own concerns about what's happened here. HSBC has obligations to Ms L when she's the victim of fraud which are set out in BCOBS and the Payment Services Regulations 2017. And mindful of what these obligations entail, I'm satisfied the bank has acted fairly and reasonably in dealing with the immediate impact of the unauthorised transactions Ms L reported.

Ms L remains unhappy with the bank because she feels it treated her badly when she reported the unauthorised transactions. She also feels HSBC owes her a full explanation of what has happened to her accounts.

So what I need to decide here is whether HSBC has treated Ms L fairly in the course of investigating the unauthorised transactions. And if I find that it's failed to treat her fairly, I must decide what should be done to put matters right.

Ms L has provided a detailed account of the time she spent reporting this fraud to HSBC. I can see from her testimony that the whole situation made her feel extremely anxious, and that the hours she spent in HSBC's branch were particularly unpleasant. From reading what she's told us, it's clear to me that this whole ordeal has caused Ms L a considerable amount of upset.

HSBC has, to some extent, acknowledged this in its response to Ms L's complaint. The bank's final response offers an apology and some compensation to Ms L for the service it accepts has inconvenienced her. But it doesn't acknowledge the specific and upsetting circumstances that Ms L has reported in her complaint in any detail.

HSBC has not refuted Ms L's account of the difficulties she faced reaching it over the phone, or the hours she spent in its branch in considerable distress dealing with staff who weren't sympathetic to her circumstances. In the absence of any counternarrative from HSBC, I find Ms L's testimony to have been consistent and plausible and persuasive. Given the circumstances she'd experienced I find it would have been fair and reasonable for HSBC to have behaved differently towards her, and by not doing so I'm satisfied it caused her additional upset and distress

The bank has already made a small gesture to Ms L by way off offering £50 for her distress and inconvenience, plus a further £30 in recognition of her calls and parking costs associated with her branch visit. However none of the banks submissions persuade me that it's fully understood or recognised the impact its service had on Ms L at this stressful and upsetting time. In the circumstances, I think a further award of £250 fairly addresses the trouble and upset the bank has caused Ms L in its handling of this matter.

In saying this, I'm conscious Ms L feels she's due considerably more than I'm awarding her. But I'm satisfied that £250, plus the amounts already paid to her, is a fair award, and is in keeping with similar cases considered by our service. I've also kept in mind that it is the fraudster, not HSBC, who is the principal cause of the upset she's experienced. And that Ms L was only without her money for a few days before HSBC fully reimbursed her losses.

Given what's happened, I can understand why for her own piece of mind, Ms L would want to understand more about how she came to be the victim of fraud here. But having reviewed HSBC's notes on the fraud she reported, I'm not sure what more it could reasonably tell her that she doesn't already know.

It isn't known how or why Ms L was targeted by a fraudster. Just that they'd acquired enough of her personal information to bypass HSBC's security and arrange transactions on her behalf. As to where the money was sent to, it wouldn't be possible for HSBC to share the identity of the accountholder who received Ms L's money. So I think HSBC has told Ms L what it reasonably could about its fraud investigation. I won't be requiring the bank to do more than it already has done in this regard.

It is, in my view, enough in this case that HSBC pays the compensation I've outlined above.

My final decision

My final decision is that I uphold this complaint.

I direct that HSBC UK Bank Plc should pay Ms L the sum of £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 25 March 2022.

Marcus Moore
Ombudsman