

## **The complaint**

Mr P complains that HSBC UK Bank Plc didn't provide him with the service it should have when he tried to make an overseas payment through its online secure banking facility. He says this resulted in a financial loss of over £2,200 as well as a lot of stress and inconvenience.

## **What happened**

Mr P wanted to make a payment from his HSBC EUR account to an overseas account for the deposit on a property. He chose to make the payment through the online banking system. Mr P converted funds and moved them from his sterling account to his EUR account in mid-December 2020. On 30 December he says he submitted his payment request for €45,000. The transaction didn't complete even after he had confirmed it wasn't fraudulent and Mr P says he wasn't contacted about this. He contacted HSBC on 4 January and says he was told he had failed the fraud check and would need to visit a UK branch. Mr P says he explained this wasn't possible as he was overseas. He says he contacted HSBC again and was told he could visit a HSBC branch in the country he was in but when he tried to arrange this he was told he had been given inaccurate advice.

Mr P says he risked losing out on the property and so had to convert his money again and transfer funds to another currency account. He says this issue caused his stress, risked him losing his purchase and caused him a financial loss of over £2,200 due to the conversion costs. He also says that the transaction remained pending on his account for a number of months even though he had asked for this to be cancelled.

HSBC says that it has enhanced security arrangements for high value payments and that customers can be asked to attend a local branch. It says that Mr P's transaction was alerted for fraud checks and it was explained that security reset could happen if Mr P attended a local branch with photographic identification and called with a branch member present. It said it had followed the correct procedure.

Our investigator didn't uphold this complaint. He said that HSBC had followed its procedures and had provided Mr P with an alternative option of visiting the overseas branch to reset his security.

Mr P didn't agree with our investigator's view. He said that being told to visit the overseas branch wasn't an alternative option as the overseas branches couldn't carry out the verification check needed. He said that the procedure for overseas verification didn't work and that the overseas banks said they had told HSBC UK this wasn't something they could do.

## *My provisional conclusions*

I issued a provisional decision on this complaint. I concluded in summary:

- When dealing with a customer's order to make a money transfer the bank acts as the customer's agent in executing the instruction. An agent owes a principal a duty to

exercise reasonable skill and care in carrying out the principal's instructions. Given this I found it reasonable that when Mr P's transaction was flagged by HSBC's security systems he was contacted to confirm the transaction.

- Against the bank's duty of care, it has a contractual duty to execute a valid and proper order to execute its customer's instruction. If it doesn't do so promptly, it's liable for any consequential loss to its customer.
- In this case, security checks took place and Mr P provided reasonable answers. Further concerns were raised and I didn't think that HSBC then provided the service it should have. Mr P was told on 31 December that he didn't need to visit a branch and the fraud team had confirmed him as genuine. He wasn't then alerted to further issues until he called on 4 January and he then wasn't provided with reasonable solutions to make his payment. On the calls on 4 January, HSBC didn't seem to take into account the information Mr P had provided - and been provided with - on the calls prior to this.
- HSBC followed its process by telling Mr P to go to a branch, but this was an unusual time given lockdown and that Mr P was overseas. Given the need for the transaction to be completed in a timely way I think HSBC should have done more to assist Mr P.
- Mr P asked to cancel his transaction and carried out an alternative transaction so as not to miss out on the opportunity to buy the property and lose money he had already invested in the process. I understood why he felt he needed to do this as HSBC wasn't confirming that his transaction would be processed and the options he had been provided with weren't workable for him.
- I didn't think HSBC provided the service it should have. Had it done so I thought it more likely than not that the transaction could have been processed. Because of this I thought HSBC should refund Mr P any consequential losses arising from the need to complete his transaction through a different account. Mr P would need to provide evidence to show the time critical nature of the transaction and the consequential losses that arose. I noted some information has been provided.
- This issue caused Mr P stress and inconvenience and I thought HSBC should pay Mr P £250 compensation because of this.

Mr P accepted my provisional decision. HSBC didn't.

HSBC said that when Mr P called on 31 December this was in regard to his internet banking being blocked and there was no mention of the payment being processed in this call. It noted that Mr P would have been able to see through his online banking that the payment hadn't been processed.

On the call on 4 January HSBC said Mr P failed the security question and so it was right to refer him to a branch. It said it followed its procedures. It said it was Mr P's choice to make the payment through another bank.

### **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 can understand why Mr P is upset by the issues he experienced when trying to make an overseas payment. These issues caused him inconvenience and stress and he ended up needing to convert currency more than once as he carried out his transaction through another route.

I note HSBC's comments in response to my provisional decision. I have listened to the calls again. As I have previously noted, on 31 December, the day after the transaction was put in place, Mr P had a call with HSBC on which he said he was sent a text about the transaction and had responded to this. He was asked several questions about the transaction and he answered these. Mr P answered the questions clearly and without hesitation and so I don't think his responses should have raised concerns. At the end of the call Mr P was told that further checks would take place and then his payment released. So, I think at this point he would have expected the transaction to go ahead.

There was then a further call and I note HSBC's comment about this being in regard to Mr P's internet banking. But on this call after talking with the fraud team, the adviser told Mr P his account had been unblocked and Mr P didn't need to visit a branch following the fraud team confirmation of genuine. Therefore, while I note HSBC's comment I think this call would have resulted in Mr P thinking any issues had been resolved and expecting that his transaction would take place.

I appreciate that Mr P could see his transaction hadn't happened, but I don't think this means he wasn't expecting it to take place. By 4 January when the transaction still hadn't happened he called HSBC. HSBC has said that Mr P failed security on this call which was why he was told to visit a branch. However, the call note provided from this date refers to Mr P being previously referred to visit a branch which could be linked to the situation the few days earlier which Mr P had been told had been resolved. I do not have information about the failed security on 4 January but note on one call the adviser tried to carry out verification, but the system wouldn't allow this due to the reference to Mr P needing to visit a branch. Therefore, on balance, it appears the issue of the branch visit hadn't been resolved as Mr P had been led to believe on the call on 31 December and I don't think HSBC did enough to recognise the previous information Mr P had been given when he raised this.

Mr P explained the issues with visiting a branch and the need for the transaction to take place in a timely way. I accept that HSBC has procedures in place, and these are for it to determine. But in this case, given the information Mr P had been previously provided with and the processes he had gone through, I think it should have done more to assist Mr P as he was put in a position where he couldn't use his money to make his transaction.

Overall, I don't think Mr P was provided with the service he should have been, and this resulted in him not being able to make his transaction in the timeframe he needed so he took an alternative action. This was his choice but as he has explained he would lose out on the property if he didn't make the transaction and had already incurred costs in regard to this I can see he would have felt he had no choice but to take the action he did.

So, while I appreciate the points HSBC has made, in this case I don't think it provided the service it should have and had it done so, Mr P's transaction would more likely than not have taken place. Therefore, my conclusions haven't changed, and I uphold this complaint.

### **Putting things right**

HSBC UK Bank Plc should:

- refund Mr P any consequential losses arising from the need to carry out the transaction through a difference currency account, that is the costs involved in

exchanging his currency for a transaction that then didn't take place.

Evidence has been provided to show the costs incurred by Mr P exchanging his money into EUR in mid-December and then exchanging it back after the transaction didn't happen in January and based on this evidence Mr P's calculated costs are £2,655; and

- pay Mr P £250 for the distress and inconvenience he was caused.

### **My final decision**

My final decision is that I uphold this complaint. HSBC UK Bank Plc should take the actions set out above in resolution of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 17 June 2022.

Jane Archer  
**Ombudsman**