

## The complaint

Mr K complains that HSBC UK Bank Plc trading as first direct (firstdirect) didn't make a payment.

## What happened

On 16 December 2021, Mr K called firstdirect to make a payment of £5,000 to another bank to pay for foreign currency. He had agreed to buy £5,000 worth of Barbadian dollars at a rate of 2.598. Firstdirect didn't make the payment as it was subject to fraud checks. Mr K found out from the beneficiary that the payment hadn't been made and his currency order was cancelled. He then bought the currency from another bank at a rate of 2.5755 – a loss of £43.68.

Mr K complained. He said he had no idea that the payment hadn't been made until he found out from the foreign exchange firm on 21 December 2021 – because the currency he ordered hadn't been delivered. By then, it was too late to re-order the currency for delivery as he was travelling soon after. So, he had to buy it from a local bank and at a worse rate. He said firstdirect didn't contact him to let him know the payment hadn't been made.

Firstdirect said the payment was held, subject to fraud checks. They'd tried to call Mr K but the call wasn't answered. They would normally send a letter – but this wasn't sent. And when they couldn't speak to Mr K, they took the decision to stop the payment. Firstdirect said it was the responsibility of customers to monitor their account to ensure that transactions were completed.

Mr K brought his complaint to us. Our investigator noted that the payment may have been identified for a fraud check because the payee details couldn't be checked by firstdirect. But in any case, it was up to firstdirect whether they checked a payment or not. He said firstdirect had made a reasonable attempt to contact Mr K. During our investigation, firstdirect offered a compensation payment of £50, which made good Mr K's loss. Our investigator felt that was the right amount under the circumstances.

Mr K didn't agree and asked that an ombudsman look at his complaint.

### I reached a provisional decision where I said:

There is no doubt that firstdirect were entitled to withhold Mr K's payment for fraud checks. It's an unfortunate fact that fraud is increasing among all banks in the UK, and they have sophisticated fraud checking systems to prevent this. The criteria for identifying which payments are checked are confidential to banks and I can't say why Mr K's payment was withheld for that purpose.

And – firstdirect's terms and conditions allow for payments to be withheld if they are concerned about a possible fraud. These say *"We'll make a payment from your account if we can... but there are some reasons we may not be able to....(if) We reasonably believe that certain things have happened...There's been a breach of security or misuse of your*

*account, security details or a payment device...(or) There's been fraudulent or criminal activity of any kind. It doesn't matter whether it's linked to your account or your relationship with us and it's reasonable for us not to make the payment."*

I've listened to the call that Mr K made to firstdirect to request the payment on 16 December 2021 at around 15.30 – and the call handler said at the end of the call "...it's sent and should arrive today, subject to internal checks". So – firstdirect did say there may be a check.

I've listened to the call that Mr K had with firstdirect's complaints team – and he accepted that such checks are necessary. But he made the point that firstdirect's communications weren't good enough. And here, I agree with him.

Firstdirect called Mr K at 16.12 on 16 December 2021 – to confirm the payment with Mr K. I suspect that if that call had been completed and Mr K had answered the fraud team's questions, the payment would've been made. I've listened to that call and it only lasted a few seconds. Someone said "hello" – it may have been Mr K or firstdirect who said that. Mr K says he didn't get a call. But the point is – there wasn't a meaningful call. Firstdirect say they normally send a letter when a payment is stopped but didn't on this occasion.

Given that the call essentially failed, I think it would've been reasonable for firstdirect to try again to call Mr K; or try another method of contacting him, for example by text message. But they didn't. And it's unfortunate that a letter wasn't sent either – although given there would've been a delay in Mr K receiving it, it may not have been soon enough for him to make the payment again and have the currency sent to him.

Firstdirect said to Mr K that he also had a responsibility to check his account – and that's true, but equally, on the call on 16 December 2021 – the call handler said "...that has been sent". And she then confirmed Mr K's balance as it was after the payment had been made. So, I think it was reasonable for Mr K to think the payment had been sent.

And so – while firstdirect didn't make any errors here, as they were entitled to make the fraud checks – I don't think their communications were reasonable in the circumstances. Firstdirect have offered £50 compensation, which makes good Mr K's loss, but I think they should do more. Mr K says he had to travel five miles to buy the currency elsewhere, and that caused some expense and inconvenience. Our service says an award between £100 and £300 might be suitable where there has been an error, requiring a reasonable effort to sort out. I think Mr K's complaint falls into the lower end of this criteria and firstdirect should therefore pay a total of £100 for stress and inconvenience.

#### Responses to the provisional decision:

Mr K didn't have any comments. Firstdirect accepted my findings.

I now need to make a final 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.

As Mr K didn't have any comments and firstdirect agreed with the provisional decision, I won't be departing from it in making my final decision.

**My final decision**

I uphold this complaint. HSBC UK Bank Plc trading as first direct should:

- Pay compensation of £100 for stress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 21 November 2022.

Martin Lord  
**Ombudsman**