

The complaint

Mr J is unhappy that HSBC UK Bank Plc stopped and then reversed two transfers that he'd made from his HSBC account to an account he held in his name with a third-party bank.

What happened

Mr J made two transfers from his HSBC bank account to an account held in his name with a third-party bank. Mr J had made similar transfers before without incident. However, on this occasion the transfers were stopped by HSBC for potential fraud checks. Additionally, HSBC didn't contact Mr J about these transfers to enable Mr J to confirm their legitimacy, but instead reversed the transfers. Mr J wasn't happy about this, especially as he'd made the transfers to pay for an item which he'd travelled to collect but which he found he was unable to pay for. So, he raised a complaint.

HSBC looked at Mr J's complaint. They confirmed that the transfers had been stopped for fraud checks and explained that because of the high number of fraud checks that needed to be done on that particular day that they'd been unable to contact Mr J as they would have liked and instead made the decision to reverse the transfers back to Mr J's HSBC account. As such, while HSBC acknowledged that Mr J had been inconvenienced, they felt their actions had been reasonable and they didn't uphold Mr J's complaint.

Mr J wasn't satisfied with HSBC's response, so he referred his complaint to this service. One of our investigators looked at this complaint. But they didn't feel that HSBC had acted unfairly or unreasonably towards Mr J in how they'd managed the situation, and so they also didn't uphold Mr J's complaint.

Mr J remained dissatisfied, so the matter was escalated to an ombudsman for 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.

I issued a provisional decision on this complaint on 7 June 2022 as follows:

I can appreciate how, from HSBC's perspective, their actions appear to be entirely reasonable here. The employment of fraud prevention measures such as the fraud checks that these transfers were flagged for are a responsibility and obligation that all financial institutions must adhere to, and the point of such checks in this instance was ultimately to protect Mr J's money and ensure that it wasn't being transferred to a potentially illegitimate destination.

Additionally, while I accept that HSBC do attempt to contact account holders such as Mr J when transfers have been stopped pending fraud checks, I also accept that on the day in question HSBC had been unusually busy such that the fraud checks on the stopped transfers from Mr J's account couldn't be conducted in a timely manner.

And HSBC have confirmed that in these circumstances they make a 'risk based' assessment of whether or not to allow the transfers to proceed or to reverse them back to their account holders' HSBC account – which HSBC did in this instance.

However, I can also appreciate how, from Mr J's perspective, he may feel aggrieved here. I say this because Mr J has confirmed that he's transferred money from his HSBC account to this other account on many occasions, and that HSBC hasn't flagged any of the previous transfers for fraud checks or stopped any of the previous transfers from completing.

As such, it seems fair to me that Mr J would reasonably expect the two transfers that HSBC did stop to have also completed without incident, especially given that he wasn't contacted by HSBC about them. I also feel that it's reasonable, given these circumstances, for Mr J to have not checked that these transfers had been received into his other bank account before travelling to make the transaction he intended to make.

And while I can appreciate how HSBC being unusually busy on the day in question prevented them from contacting Mr J in a timely manner about the transfers, as they would have liked, it remains the case that Mr J wasn't contacted about the transfers as he ought reasonably expect to have been, and that this contributed to the inconvenience that Mr J incurred as a result of the transfers being stopped.

It's also notable that HSBC have stated that they conducted a 'risk based' assessment of whether to allow the transfers to complete, and following that assessment made the decision to reverse the transfers. But these were transfers to an account held in Mr J's own name to which he'd made several previous transfers, none of which, to my understanding, Mr J had complained to HSBC about.

So, while I can appreciate HSBC's position here, I'm also satisfied that Mr J has been inconvenienced by what took place. And given that I don't feel that it was unreasonable for Mr J to have not checked that the transfers did complete into his third-party bank, given the number of similar successful transfers that he'd previously instructed, and that Mr J wasn't contacted by HSBC about the stopped transfers as he might reasonably expect, I do feel that HSBC should compensate Mr J for the inconvenience he's incurred here in this specific, particular instance.

All of which means that my provisional decision here is that I'll be upholding this complaint in Mr J's favour and instructing HSBC to make a payment of £75 to Mr J, which I feel provides fair and reasonable compensation for the trouble that Mr J has incurred.

In my provisional decision letter, I gave both Mr J and HSBC the opportunity to provide any comments or new information they might wish me to consider before I moved to a final decision. However, both Mr J and HSBC confirmed they were happy to accept my provisional decision, and so I see no reason not to issue a final decision upholding this complaint in Mr J's favour on the basis outlined above. And I therefore confirm that my final decision is that I do uphold this complaint accordingly.

Putting things right

HSBC must make a payment of £75 to Mr J.

My final decision

My final decision is that I uphold this complaint against HSBC UK Bank Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 20 July 2022.

Paul Cooper
Ombudsman