

## **The complaint**

Mrs G complains that HSBC UK Bank Plc are trying to force her to use technology she does not wish to use in order to verify that her online transactions are genuine.

## **What happened**

HSBC informed Mrs G that new payment regulations had been introduced to keep customers money safe when they shop online using card payments. They said that additional steps may be required to verify that it is the customer who is using their card, through a process called Verified by Visa (VbV). So in order for Mrs G to verify a transaction was made by herself, she may have to enter a code online when prompted.

HSBC initially explained that there were two ways to do this. One was to have the code sent by a text message to a mobile phone, another method was to log onto the HSBC mobile application to verify a payment. But Mrs G does not own a mobile phone, so she would be unable to use these options. HSBC later introduced a third option - for her to use one of HSBC's card reader devices, although HSBC said this option would not be available until November 2021.

As Mrs G does not own a mobile phone then the first two options would not be available to her and she did not want to get a mobile phone for this purpose. Mrs G does not want a card reader either. As a temporary measure, HSBC said they would be able to verify her transactions online via email for a limited number of transactions, until the card reader was able to be sent to her.

Mrs G made a complaint to HSBC. She said she did not want to be forced to use technology to verify herself and HSBC should not stop her using her money as she legitimately wanted to use it.

Mrs G made a complaint to HSBC, but they did not uphold her complaint. They explained again that she would have to verify herself via one of the three options they had told her. Mrs G tried to communicate with HSBC further on this issue, but they referred her to Visa as HSBC told her that they can't remove the verification process from her account or have any control over this.

Mrs G contacted Visa, who told her that each Visa card issuer manages their own cardholder registration, updates, unlocking, supported browsers, changes to enrolment status for VbV, as well as all account related matters. This included the ongoing updates of VbV. They also said that when activating VbV or using a password to shop online, the cardholder is always interacting directly with their issuer, not Visa. Mrs G sent further emails to HSBC about the matter, but she said they didn't respond to some of her emails, so she brought her complaint to our service.

Our investigator did not uphold Mrs G's complaint. He explained to Mrs G the Payment Service Regulations and he concluded that HSBC had not acted unfairly or unreasonable towards Mrs G as they had followed the regulations by putting controls in place to verify that their customer is the one genuinely making the transaction.

Mrs G asked for an Ombudsman to review her complaint. She said if HSBC were able to offer her the solution to be verified via email permanently, then she would agree to this and this would be the only acceptable solution for her.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint."*

*At the outset I'd like to emphasise that this service is not the regulator. Nor do we act as the enforcer for the regulator. The regulator is the Financial Conduct Authority. Our service acts as an informal dispute resolution service for complaints about financial businesses. We look at the circumstances of individual complaints and, on a case by case basis, taking into account relevant industry guidance for example, make findings about whether a financial business has failed their customer in any way.*

*Where we find they have, we make awards designed to make the business put things right with the complainant customer. Our awards are not designed to punish a business or to make it change the way it acts in order to protect other customers in the future. That is the role of the regulator.*

*I want to be clear to Mrs G that I can't instruct HSBC to amend their processes for verification online, as this is a business decision for HSBC, with what systems they choose to use and how they operate them in order to follow the regulations they have to follow. So I can't ask them to verify Mrs G by email, when this is not one of their permanent ways to verify a customer. Only the regulator can make HSBC change the way they act in this regard.*

*While I can't ask HSBC to change their systems, I have looked into whether they have treated her fairly during the course of the events that unfolded. But I'm not persuaded that HSBC did treat Mrs G fairly and I'll explain why.*

*Mrs G was in contact with HSBC about the VbV process. But the member of staff she was emailing, told her that HSBC had no control over this process and to contact Visa. This inconvenienced Mrs G by contacting Visa, but Visa said that each Visa card issuer manages their own updates, supported browsers, changes to enrolment status for VbV etc. So as Mrs G had contacted HSBC about trying to get them to stop verifying her this way, she should not have been referred to Visa when they would not be able to control how HSBC met their regulations to verify their customer's online transactions.*

*Because Mrs G was told this information by HSBC, this meant she had to send follow up emails to HSBC, to try and find out who was responsible for the process, which were sometimes not responded to. So not only was she inconvenienced by being referred to Visa when there was no need to do this, but she would have also been distressed by the incorrect/conflicting information HSBC had given her, as HSBC would flag the transactions which needed further verification. She would have also been distressed by the lack of response to some of her emails as this could appear that HSBC were not concerned about her thoughts about the matter.*

*So, what I would have expected HSBC to do here, is to apologise to Mrs G for directing her to Visa when Visa couldn't help with her query and for not responding to some of her emails. While ultimately, this wouldn't have resulted in HSBC offering Mrs G the option she wanted – the permanent email verification, it would have brought closure to the matter a lot sooner*

*and Mrs G would not have been inconvenienced further or be distressed by the lack of response or incorrect information.*

*I've considered what would be a fair outcome for this complaint. As I've already explained, I'm unable to ask HSBC to change how their customers are verified. I asked HSBC if they had sent Mrs G a card reader. They confirmed they hadn't done so as Mrs G indicated she wouldn't use one. Looking at an email Mrs G sent HSBC in May 2021 she has said "I am only accepting your offer of a card reader because I have no choice", so HSBC should send her a card reader, if they haven't already done so. I'm satisfied that HSBC should also pay Mrs G compensation for the impact HSBC's poor customer service had on her. I'm satisfied that £200 would be reasonable compensation.*

*I say this as Mrs G had been directed to Visa, which would have inconvenienced her, who wouldn't have been able to resolve her query, then she waited for responses from HSBC which sometimes weren't forthcoming, which would have been distressing for her. So it follows I intend to ask HSBC to put things right for Mrs G."*

I invited both parties to let me have any further submissions before I reached a final decision. Mrs G said she had nothing to add to the provisional decision. HSBC did not reply to the provisional 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 neither party have provided me with any further information to consider, then my final decision and reasoning remains the same as in my provisional decision.

### **Putting things right**

In my provisional decision I said I intend to ask HSBC to send Mrs G a card reader if they haven't already done so and to pay Mrs G £200 for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

### **My final decision**

I uphold this complaint in part. HSBC UK Bank Plc should send Mrs G a card reader if they haven't already done so and pay Mrs G £200 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 5 August 2022.

Gregory Sloanes  
**Ombudsman**