

The complaint

Miss B has complained that HSBC UK Bank Plc has refused to refund her a £1,800 'faster payment' which she says she didn't make to an existing payee on her online account. Miss B said she had been contacted by someone claiming to be from HSBC who then locked her account and paid out this payment to one her payees.

What happened

On 1 December 2020 HSBC said it received an allegation that a credit of £420 to Miss B's account had been attained fraudulently. When HSBC contacted Miss B, she explained she hadn't been expecting that amount into her account. In the meantime, a block was placed on her account which was then removed in July 2021. Following its investigation HSBC decided on no further action with Miss B in relation to this £420.

However, at this time Miss B also told HSBC that she had been contacted from someone purporting to be from HSBC who locked her account and this payment of £1,800 was then made to an existing payee of Miss B's who is now a former friend. HSBC said Miss B told them this payee said her bank wouldn't accept the payment in of this £1,800 and had returned it to HSBC. Miss B said it was never refunded to her account.

So, Miss B complained to HSBC on 19 October 2021. HSBC then raised the complaint and its fraud team made contact with Miss B by phone on 2 November 2021 who couldn't take the call. So, HSBC asked her to phone it back. HSBC said Miss B never called back so it closed its file.

HSBC now says that Miss B never raised the issue of the £1,800 payment before when the investigations were going on December 2020 about the credit of £420. And it said as she never responded to its contact on 2 November 2021, it had closed its file.

The investigator said that given this, she didn't think HSBC had acted unfairly. Miss B asked for an ombudsman's decision, so her complaint was passed to me to decide.

Before Miss B's case reached me, Miss B did contact HSBC who told her that as she never called back when requested in November 2021, and now that she's referred the matter to us, it wouldn't enter any further comments at this stage until the response from this service.

I issued a provisional decision on 5 May 2023 and I said the following:

'In HSBC's final response letter to Miss B dated 24 February 2022, it explained that it had contacted her on 2 November 2021 asking Miss B to contact it, but that she never did. So that meant no further action was taken.'

HSBC also raised concerns as to why Miss B waited from December 2020 until October 2021 to raise the issue over this £1,800 payment from her to her payee's account. However, I consider since Miss B had a block on her account up until July 2021, the delay may not be entirely her own fault consequently.'

We also asked HSBC why it had a block on her account for such an extended time. It has now said this was in order to ensure no further credits which might have been potentially fraudulent would credit Miss B's account until the account was secured. However, this was in relation the £420 issue not the missing £1,800 issue. HSBC also confirmed it viewed Miss B as a victim and not a suspect.

As HSBC didn't make enquiries, we approached the bank which held the account for Miss B's former friend to which the payment of £1,800 was sent from Miss B's bank account. It didn't tell us that the £1,800 wasn't paid into Miss B's friend's account, as Miss B said she had been told. And it explained it then closed the account which meant all funds were then exited from this account.

The issue with the £420 and the still missing £1,800 happened all around the same time. Further, it's clear from the available statements that Miss B had never made such large payments before either to this former friend or otherwise. There was no query about the transfer from HSBC at the time either to Miss B. Miss B of course was of the view that she was dealing with an HSBC employee at the time the transaction was made, given the fraudster's phone call gaining access to her account. Therefore, I consider based on the contemporary evidence that HSBC thought Miss B was the victim here, and given Miss B's account of being contacted by someone purporting to be from HSBC that it's more likely Miss B was also the victim as regards this missing £1,800 too, given it's all around the same time. It is more than likely she was a victim of RAT fraud. Further there are system notes of an attempted loan application at the same time. This suggests to me that HSBC believed someone other than Miss B was assessing her account at the time. Miss B has always been consistent in explaining that she didn't make this £1,800 payment.

It's also regrettable that HSBC didn't investigate the matter and that Miss B didn't call back at the time as promised to enable it to investigate the matter then. I do consider there was sufficient information available to enable some investigation too. And it's regrettable that HSBC didn't wish to investigate the matter once it came to this service as that would have been helpful regardless.

On balance, I don't think Miss B authorised the payment of £1,800 from her account – it seems more likely than not some third party had gained control of her online banking at the time and made the payment without her authorisation. That therefore means it's reasonable for HSBC to refund this given it wasn't authorised by Miss B. Given the unexpected receipt of the £420 to Miss B's account, the refund from HSBC of the £1,800 should also be less the £420 received. Therefore, I consider HSBC should now refund Miss B this £ 1,380 adding 8% interest.

I also consider given this matter was so delayed and that her account was blocked for such an extensive period of time being six months that this all caused Miss B some considerable trouble and upset. Therefore, I consider HSBC should pay her £300 compensation in addition.'

Miss B accepted my provisional decision, but she didn't think the compensation suggested was reasonable. She felt it didn't take account of the time she wasted in chasing things up and the time it took constantly going into the branch to try and sort things out. The matter also left her financially broke and unable to pay bills. She said that mentally and physically the entire matter was very traumatic for her. And she felt that the compensation amount didn't take into account the three years it has taken for the matter to be resolved.

HSBC accepted my provisional decision and said it had refunded the sum of £1,380 on 15 May 2023 and will pay the interest and the compensation.

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.

Having done so again, on the basis both parties have agreed with my provisional decision (excepting the compensation amount) I see no reason to change it.

Turning to Miss B's comments about the compensation, I remain of the view that it's fair for the primary reason that had Miss B called HSBC back as she indicated she would do following its call to her on 2 November 2021, it is more likely this matter would have resolved sooner. Therefore, I don't consider this initial delay had anything to do with HSBC. Also, Miss B said she was able to set up a new bank account with another bank so besides the loss of the money, she was otherwise not so grossly inconvenienced.

Our awards of compensation are to only reflect the consumer's distress and inconvenience caused by the business. That excludes the actions of the fraudsters and indeed any delays at the consumer's hand. Furthermore, there are not meant to serve as a punishment or fine against the business either. Consequently, I remain of the view that £300 compensation is fair and reasonable given the particular circumstances of this complaint.

My final decision

So, for those reasons, it's my final decision that I'm upholding this complaint.

I now require HSBC UK Bank Plc to do the following:

- Refund Miss B the sum of £1,380, adding interest of 8% simple from the date it left Miss B account believed to be 1 December 2020 to the date of its refund. If income tax is to be deducted from the interest, appropriate documentation should be provided to Miss B for HMRC purposes.
- Pay Miss B £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 16 June 2023.

Rona Doyle
Ombudsman