

The complaint

Mr L complains about HSBC UK Bank Plc (“HSBC”) for failing to contact him promptly when it suspended his account. He wants HSBC to make changes to its processes, and to compensate him for his inconvenience.

What happened

Mr L resides outside of the UK and has an account with HSBC.

He shares the account with a family member, who lives and studies in the UK, and the account is used to pay for their studies, amongst other uses.

In October 2021, Mr L used his account to make two payments to a third party, in order to pay for his family member’s course fees.

The first payment was processed, but HSBC’s security processes stopped the second payment.

As part of its security processes, HSBC then suspended Mr L’s account access.

HSBC did not try to contact Mr L by phone or email, but instead wrote to him, advising him of the account suspension.

As Mr L resides abroad, this letter took a long time to reach him, and he discovered that his account was suspended when he tried to use it and was unable to.

Mr L then encountered difficulties having the account reinstated, and it was only reinstated around 12 days later.

Mr L complained to HSBC.

HSBC responded to the complaint. HSBC explained normally it would have contacted him but that it was not possible to do so due to the time difference. HSBC offered Mr L £40 as an apology for the difficulties he encountered.

Mr L was not happy with this and contacted us.

Our investigator did not uphold Mr L’s complaint. They considered that HSBC was following correct fraud prevention procedures and they felt that the compensation offered was reasonable to reflect the inconvenience Mr L experienced.

Mr L did not accept that view and asked for an ombudsman 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 agree with my colleague's view that HSBC is entitled to, and obliged to, have security processes and I acknowledge that these may on occasion prevent consumers from making their transactions. I do, however, feel that HSBC failed in its obligation to alert Mr L promptly in order to minimise the disruption it caused to him.

I have made further enquiries with the parties before reaching this decision.

Through those enquiries I can see that the action in blocking the payment and suspending account access delayed Mr L in making payment for his family member's course fees and that this caused him inconvenience. I also see that his family member was able to use the account from soon after the suspension and so was thankfully less inconvenienced.

I explained to the parties that I thought that HSBC should increase its offer of compensation to Mr L as, in this instance, its policies and procedures had failed in its responsibility to alert Mr L to action taken on his account in a timely manner.

I recommended that HSBC increase its compensation to £200.

HSBC agreed to increase its compensation to paying Mr L a further £200 compensation, on top of the £40 it had paid previously.

HSBC also offered Mr L its assurances that its policy is to contact consumers by a fast method in similar circumstances.

Based on that assurance, Mr L has agreed to accept the £240 compensation to resolve his complaint and I think that this is a reasonable resolution.

Putting things right

I am grateful that HSBC has offered Mr L its assurances, but I must make clear that this service is not able to monitor the assurance given. HSBC has, however, previously explained that its policy is to contact consumers by telephone if at all possible and I hope Mr L can have confidence in HSBC's processes going forward.

Overall, I uphold Mr L's complaint and direct HSBC to pay to him £240 compensation in total.

My final decision

For the reasons given above, I uphold Mr L's complaint and direct HSBC UK Bank Plc to pay to Mr L £240 compensation for his distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 December 2022.

Laura Garvin-Smith
Ombudsman