

The complaint

Mr D is unhappy that HSBC UK Bank Plc didn't process a payment he instructed in a timely manner and with the service he received surrounding this issue.

What happened

Mr D instructed a large payment to a solicitor for a property purchase. Mr D needed the payment to complete that same day and made several calls to HSBC and a lengthy branch visit to try to achieve this. But despite Mr D's efforts, the instructed payment was flagged for further checks by HSBC late that day, which meant the payment wasn't completed by the time Mr D needed it to have been. And because the payment didn't complete that day, Mr D incurred additional costs of £2,285.18. Mr D wasn't happy about this, or with the service he'd received from HSBC surrounding the transfer, so he raised a complaint.

HSBC responded to Mr D's complaint and said they didn't feel they'd acted unfairly by flagging the payment for further checks or following the subsequent process that they had, which included attempting to contact Mr D on his mobile telephone to authorise the payment, and so didn't agree to reimburse Mr D's incurred costs as he was seeking.

However, HSBC did acknowledge that Mr D hadn't received the standard of service he should have received when trying to contact HSBC about the instructed payment, and they apologised to Mr D for this and made a payment of £30 as compensation for any trouble or upset he may have incurred. Mr D wasn't satisfied with HSBC's responses, so he referred his complaint to this service.

One of our investigators looked at this complaint and liaised with Mr D and HSBC about it. During this time, HSBC reiterated that they didn't feel they'd acted unfairly regarding process that had been followed but explained that they felt the compensation amount of £30 paid to Mr D for the service aspect of his complaint hadn't been sufficient and offered to pay a further £170 to Mr D because of this – taking the total compensation payable to £200.

Our investigator completed their review and felt HSBC had followed a reasonable process in requiring further checks on the payment and that HSBC's increased offer of £200 compensation was a fair offer for the service issues Mr D had encountered. Mr D 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.

Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as HSBC have an obligation to employ such systems to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.

Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems. This seems to have been what happened here. And given the size of the instructed transfer, I don't feel that it's unreasonable for it to have triggered HSBC's system.

It's understandable that Mr D was eager for the payment to complete that day, and so I can understand why he spoke with HSBC on several occasions after instructing the transfer to ask why it hadn't yet completed. And Mr D has explained that he was told by HSBC when making those calls that the payment hadn't been stopped for further checks by HSBC's fraud prevention systems. This information wasn't incorrect at the time HSBC's agents gave it to Mr D, because the payment didn't trigger HSBC's fraud prevention systems until after 4pm in the afternoon, which was after Mr D spoke with those agents.

After speaking with HSBC's agents, and with the instructed transfer having still not completed, Mr D decided to go into a HSBC branch to try to expedite the matter. And it was while Mr D was in branch, and unfortunately without his phone, that the payment did trigger HSBC's fraud prevention systems and when Mr D was called by HSBC's fraud department to authorise the stopped payment.

Taking all these points into consideration it seems to me that what's happened here is a series of unfortunate events. Mr D was eager for payment to complete and so telephoned HSBC when the payment hadn't yet triggered HSBC's fraud prevention systems which meant that HSBC's agents at that time had nothing untoward to report. And when HSBC's fraud prevention system was triggered, so that HSBC did call Mr D to authorise the payment, Mr D was no longer with his phone to answer that call, having gone into branch.

But, while I accept that the above sequence of events was unfortunate, it doesn't follow from this that Mr D has been treated unfairly by HSBC here. Indeed, given that HSBC's fraud department did attempt to call Mr D to authorise the payment shortly after it triggered their fraud prevention system, I'm satisfied that HSBC did do what they should have done. And I also feel that if Mr D had access to his phone when HSBC's fraud department made that call, that the payment would have been authorised by Mr D at that time and completed on that day as he would have liked.

Mr D may ask why it took so long for the instructed payment to trigger HSBC's fraud prevention system, and I acknowledge that most payments that do trigger such systems do so more quickly than happened in this instance. But HSBC have explained that an instructed payment can trigger their system at any time during its processing. And while the late triggering of the transfer was another unfortunate event here that contributed to the unsatisfactory eventual outcome for Mr D, it remains my position that it wasn't unreasonable for the instructed transfer to have triggered HSBC's system as it eventually did.

Mr D is also unhappy that HSBC's branch staff were unable to help him when he went into branch and cites a lack of coordination and communication between HSBC's central departments and its branch, including that branch staff had to try to contact the telephone banking and fraud departments using the same telephone numbers that customers use, which meant long hold times before calls to those departments were answered.

I can appreciate Mr D's frustration here. But, given that Mr D had already instructed the transfer, I feel that by going into branch to try to expedite that transfer, Mr D was asking branch staff to help him resolve a matter that was being processed by HSBC's centralised departments. And I don't feel it's reasonable to expect branch staff to be able to effectively assist in such centralised matters, or to expect branches to have a 'hot line' to centralised

departments – which would amount to ‘jumping the queue’ and would mean other customers trying to contact those departments via other channels would have to unfairly wait longer.

Mr D also asks why he wasn’t told by HSBC to go into branch to instruct the transfer in the first instance, which he later learned may have been a more effective means of completing the payment, given the authentication that could be completed in branch. But when Mr D first spoke with HSBC about the intended transfer, which he did approximately a week before he instructed it, it’s notable that he didn’t highlight that the transfer needed to complete by a certain time. As such, I’m satisfied that the agent Mr D spoke with at that time had no reason to suspect that an instruction made via telephone banking might be potentially unsuitable.

Ultimately, I don’t feel HSBC have done anything wrong in how they processed Mr D’s attempted transfer here. This is because I’m satisfied that it was reasonable for the payment to have triggered HSBC’s fraud prevention systems as it did, and also because HSBC’s fraud department did try to contact Mr D when the payment was stopped for further checks. And while it’s unfortunate that Mr D wasn’t with his phone when HSBC made that call, I don’t feel that it was unfair.

Finally, HSBC have acknowledged that Mr D didn’t receive the standard of service they aspire to when trying to instruct the transfer or when later contacting them about it, including in how Mr D was repeatedly transferred to different agents so that he was on the telephone for longer than he reasonable should have been. HSBC have paid compensation of £30 to Mr D for this and have now offered to pay a further £170 to him, so that the total compensation payable is £200.

Matters of compensation can be subjective. But the £200 total compensation offered by HSBC – solely for the service issues Mr D encountered here – does feel fair to me. And I can confirm it’s commensurate with what I may have instructed HSBC to pay, had they not already offered to do so.

All of which means that, while I will be upholding this complaint in Mr D’s favour, I’ll only be doing so on a limited basis to compel HSBC to pay the further £170 to Mr D that they’ve already offered to pay. I realise this won’t be the outcome Mr D was wanting, but I hope that he’ll understand, given all I’ve explained, why I’ve made the final decision that I have.

Putting things right

HSBC must make a further payment of £170 to Mr D.

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 D to accept or reject my decision before 28 April 2023.

Paul Cooper
Ombudsman