

The complaint

Mr and Mrs D complain that a payment they wanted to make for an investment was blocked by HSBC UK Bank Plc and about what they felt was intrusive questioning of both of them before the payment was released.

What happened

In November 2022, Mr and Mrs D attempted to make a payment from their joint account to an intermediary in respect of an investment. The payment was blocked by HSBC's fraud team and Mr and Mrs D were asked to contact the team. Mr D spoke to an adviser for over forty minutes. He thought that he was asked repeatedly a number of inappropriate questions. He further complained that the adviser didn't know anything about the type of investment he was making and that they refused to carry out online research about the company he was paying the money to.

The adviser told Mr D that they were releasing the payment, but Mr D was later contacted by HSBC and was told to complete the transaction in branch. Mr and Mrs D attended their branch the next day and the money was released. However Mr D says that Mrs D was again subjected to intrusive questioning about the investment.

Mr D raised a formal complaint with HSBC. It explained that in accordance with the code known as the contingent reimbursement model (CRM) if a payment is held for further checks its representatives are obliged to ask a series of questions so as to be certain that releasing the payment won't leave the customer or the bank exposed financially. It stood by the decision of its fraud team. It offered to pay £30 to Mr and Mrs D for the inconvenience of the adviser's phone call when they were told the money would be released.

On referral to the Financial Ombudsman Service, our Investigator said that HSBC had acted appropriately, although Mr and Mrs D should not have been told that the money would be released at the end of the call with the adviser. She proposed that HSBC provide a written apology and pay the £30 compensation.

HSBC agreed to our Investigator's proposal, but Mr and Mrs D remained unhappy and asked for the matter to be referred to an Ombudsman. The matter has been referred to me for further consideration.

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.

Under the terms of the CRM which HSBC followed in this case, the starting principle is that banks must reimburse customers who are victims of "authorised push payment" (APP) scams. In Mr and Mrs D's case the payment they were making, which was of a substantial amount, was initially blocked by HSBC's fraud team, because it was thought it could be an APP scam. This meant that Mr D had to speak to HSBC's adviser whose job it was to establish that he and Mrs D were not the victims of a scam. I am aware, having listened to

the call, that Mr D was asked a number of questions to establish that he was sufficiently aware of who he was paying and what the investment was for. I'm also aware that the adviser did go through the questions a number of times.

The purpose of the call was to establish whether there was a possible fraud. HSBC has said that the factors that may trigger this type of investigation are commercially sensitive, on the telephone recording I could hear that the adviser asked Mr D in particular why the payment was to an, on the face of it, personal account of the intermediary rather than to the company he was placing the investment with. And she did alert him to other issues such as when a fraudster asks the customer to make a small payment followed by a large payment (which is what happened here). But it was not HSBC's adviser's function to carry out research into the investment company or the intermediary. Nor was it their function to establish whether it was an appropriate investment. In Mr D's case I understand that he was fully aware of what he was doing but also that he was aware of the need for such security checks. As the adviser did not know anything about the particular investment or about Mr and Mrs D's personal circumstances or their knowledge (nor would I have expected them to), I can't say that the questions they asked were not appropriate in the circumstances.

I understand that the adviser told Mr D that the money would be released at the end of the conversation. Clearly they shouldn't have done that as the transaction still had to go through a further security check. But, although I know that Mr and Mrs D found it inconvenient to have to visit the branch of the bank, I don't think that this could have been avoided given the number of issues around the payment. I'm aware also that Mr and Mrs D were annoyed that Mrs D was then subjected to further questioning, but I also don't think that could reasonably have been avoided.

I've also noted that Mr and Mrs D's account was blocked after the call with the adviser. I recognise that this was annoying, But I also think that until the transaction was established as being genuine this was a necessary step to take. As the account was able to be unblocked the next day I haven't seen any evidence that Mr and Mrs D were blocked from making any particular payments.

I note Mr D's point that HSBC was protecting itself in case the transaction was fraudulent. That is no doubt right but at the same time the purpose of the CRM is to protect consumers as well.

I think in the circumstances of this case that the payment of £30 for the inconvenience caused as a result of being told the payment would be released, and for HSBC to provide an apology, is appropriate.

Putting things right

HSBC should pay Mr and Mrs D £30 compensation, if it has not already done so.

HSBC should also provide a written apology to Mr and Mrs D for the inconvenience caused as a result of the phone call with its adviser on 21 November 2022.

My final decision

I uphold the complaint and require HSBC UK Bank Plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 21 December 2023.

Ray Lawley
Ombudsman