

The complaint

Mr M complains that HSBC UK Bank Plc blocked a payment to himself, blocked his internet access and gave him poor customer service.

What happened

Mr M says he made four transfers from his HSBC account to his third party account which were successful. The following day he made another payment which was successful, but the day after that a payment was blocked. He says he spoke to HSBC's fraud department, verified his identity, confirmed the payment was a genuine transaction, but he refused to answer several more questions HSBC asked him, so he told them to cancel the transaction and to return the funds to his account. Mr M said the funds were not returned so he called HSBC to instruct them to either transfer the funds or to return them to his account. He said the funds were returned, but his online banking was blocked.

Mr M says that he called HSBC to make a complaint, and he wanted to make a complaint about the call handler also, but they refused. He says he was told the call handler's supervisor would ring him, but Mr M didn't receive a call from him. Mr M says the call handler blocked telephone banking access to him, to stop complaints being made and this forced a branch visit. Mr M visited a branch and a manager took his identification. He spoke to the fraud department over the phone, but he refused to have a 30 minute conversation with them, and the branch manager spoke to them, and they agreed to unblock the online access, but when Mr M went home, this was still blocked.

Mr M rang HSBC again who refused to unblock the online banking access without him completing their questions. Mr M says that he had to visit the branch again to finally get the account unblocked, and as his funds were blocked he lost out on interest as he couldn't transfer the funds to a higher interest rate. Mr M made a complaint to HSBC.

HSBC partially upheld Mr M's complaint, and they credited Mr M's account with £40. They said when a payment has been held for security checks, it is their policy to attempt contact with a customer to confirm the validity of the payment. If they are unable to contact Mr M to discuss the payment before its release or if they do not receive a call by 8pm that day, various factors will be considered, his online banking or telephone banking facility will be suspended as a precaution to prevent further payments from debiting. They said when they contacted Mr M, they were unable to complete verification during the telephone call and he had terminated the call once he had confirmation the complaint was raised.

HSBC said they were within their rights to disconnect a call if language used by customers comes across as abusive or threatening. They said following Mr M's call with them, once the necessary checks were complete he was advised his online banking facility would be reinstated, but this action was not completed correctly, and the promised manager call back was not made. Mr M brought his complaint to our service.

Our investigator did not uphold Mr M's complaint. He said the stopped payment and subsequent blocking of Mr M's account was due to Mr M not completing the security questions which HSBC have in place to protect both them and him from fraudulent activity.

He said HSBC's actions were in line with their terms and conditions and disclaimer.

Mr M asked for an ombudsman to review his complaint. He made a number of points. In summary, he said blocking a transaction and blocking online banking are two separate issues, the online transaction was blocked despite it being transferred to an account in his own name, previous funds had been transferred to the account from his HSBC account, and he asked on what grounds it was reasonable to block the payment, and why HSBC didn't call him regarding his previous payments made to the same account.

Mr M said that when the payment was blocked, a call handler agreed to return the funds to his account and not make the payment, so he asked what the basis was to ask him questions regarding a transaction which would not occur, he said a call handler blocked his online access to his account after claiming he failed security after he stated he wanted to make a complaint against him. He says he was asked scripted questions while on the phone in the branch despite providing his identification.

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.

Firstly, I'm aware that I've only summarised Mr M's complaint points. And I'm not going to respond to every single point made by him. No discourtesy is intended by this. Our rules allow me to take this approach. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I must make it clear to Mr M that it is not within this service's remit to tell a business how they should operate their security procedures, such as what questions they should ask Mr M, when they should block a transaction, when they should block online access and what type of accounts they should block payments to – even if they are in the same name of their customer. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct HSBC to make changes to their policies and procedures, if necessary.

I've considered what Mr M has said about the payments he attempted to make were to the same account and in his name that he had previously made payments to. HSBC confirmed in their response to Mr M that when a payment is held for a security check, this is an automated system used to check payments. And because it is automated, they don't have a way of bypassing it regardless of the reason behind the payment. So, although the payment was to an account in his own name, they would be unable to bypass this as they confirmed it breached a security parameter. HSBC are not obliged to tell our service, their own frontline staff, or Mr M what this security parameter is as this could compromise their security processes.

I've listened to the call that Mr M had initially with HSBC and the call handler confirms she has seen many cases such as this (when a customer had recently opened an account and transferred savings to it). While the call handler was reading warnings to Mr M, he asked her to transfer the money or to cancel the transaction. The call handler tells Mr M that if they didn't clear all of the checks and give him the information needed, they couldn't make the payment. Mr M tells her to cancel the payment. So Mr M did not clear all of the checks here. He then asked for the call handler to raise a complaint and he wanted a phone call from somebody. She tells Mr M she can log his complaint, but she can't release the payment if he is not co-operating with the checks. Mr M asks if the complaint is logged, and she confirms

that it is and Mr M appears to disconnect the call as the call handler is saying "do you want to get".

I've listened to another call that Mr M had with HSBC on the same day when he asks to raise a complaint. The call handler informs him that a complaint has already been made. Mr M asks why the transfer hasn't been paid back into his account. The call handler says to go ahead with the payment he needs to go through some checks. Mr M says he isn't going to go through this as he had been verified previously. The call handler says if he doesn't want to go through the checks and he wants it sent back then he needs his consent. Mr M asks him to send it back. The call handler tries to talk but Mr M interrupts him and makes noises when the call handler speaks, and Mr M tells him he is not competent, and the line disconnects after Mr M says goodbye.

I've looked at the personal banking terms and conditions. These show that HSBC can refuse to make a payment for their customer if "You haven't given us any extra information about the payment that we've reasonably asked for". I know Mr M would strongly disagree that the extra information they asked for wasn't reasonable, but the questions on the call were linked to the payment, so I'm not persuaded they were unreasonable. The call handler was clear that she needed to clear all of the checks. So although Mr M had been verified as a customer, this would not be sufficient on its own for the payment to go through as HSBC deemed it necessary to ask extra information in relation to the payment. And when Mr M didn't complete all of their checks, they acted in line with the terms to prevent the payment being sent.

HSBC's personal banking terms also show that "You must give us any information we reasonably ask for as soon as possible. If you don't, or we suspect fraudulent or criminal activity of any kind, we'll have to take action". So I do think the terms are clear that if Mr M didn't provide HSBC with the information that they asked for then they'll have to take action. One of the actions listed is to "block or close your accounts". The terms say "You might not be able to use some banking services". Again, Mr M is likely to dispute the word reasonably here, but as the questions were related to the payment being made, I can't say they acted against the terms and conditions by refusing to make the payment when he didn't complete the checks on the initial call or to block access to his online banking.

I've listened to the call when Mr M rings HSBC about the online banking being blocked. The call handler explains it is HSBC's process to ask the security questions. Mr M tells them he isn't going to listen to them, and he will just agree to what the call handler says. Mr M keeps interrupting the call handler and says he is using too many words. The call handler tries to continue but he keeps being interrupted by Mr M, and Mr M then makes noises when the call handler reads through his script and interrupts him. This leads to the call handler telling Mr M he would need to visit a branch with identification. Mr M asks the call handler to raise a complaint about the call handler and he says yes sure, but you have to go to the branch first. A call back is promised from the call handler's manager.

After listening to the call, I can't say that the call handler was wrong to ask Mr M to visit the branch with identification. He had earlier told the call handler that he wasn't going to listen, he kept interrupting the call handler and made noises when the call handler was talking. So I wouldn't expect him to remove the block in these circumstances. I would expect him to tell Mr M that he would add to the already open complaint his comments about the call handler though. And Mr M did not receive a call back as promised.

I've considered what happened when Mr M visited the branch. I've listened to a call he made while he was at the branch. As he made the call and not a member of staff, the call handler asked Mr M if he could put her on to a member of staff and the call handler asked what identification the branch employee had seen. He then had to complete a form for the call

handler. But even though the branch manager did this, and confirmed he had seen the identification, the call handler continued the process that previous call handler's had tried to complete with Mr M without seeing any identification or forms being filled in by the branch.

This led to communication breaking down even between the call handler and the branch manager as the branch manager was audibly frustrated by what Mr M needed to go through, especially as Mr M had provided identification to him, and the fact he was transferring the funds to himself. The call ended with the call handler saying she would remove the suspension of the internet banking. But this didn't appear to have happened which caused Mr M further distress and inconvenience.

This led to Mr M having to contact HSBC since the internet banking block wasn't removed. Mr M was audibly distressed that the block hadn't been removed, and he was unable to remove the block to the internet banking on this call

I know Mr M has concerns that a HSBC blocked his internet banking because he wanted to make a complaint against them, but I'm not persuaded by this. I say this because the internet banking block was applied hours after his call by a different user. I asked HSBC about this, and they confirmed that when they could not verify the payment as being genuine, they would automatically suspend a customer's internet banking.

I've considered what would be a fair outcome for this complaint. HSBC have paid Mr M £40 for what happened, but I'm not persuaded that this recognises the impact of all of HSBC's mistakes. These mistakes include not returning the funds after it had been agreed on a call on 23 February for the funds to be sent back. From listening to the call this would appear to Mr M that this would be reversed within 20 minutes as the call handler saying "I reverse back to your account. You can check it within 15-20 minutes, and you'll get the money, alright?"

HSBC have told me that as the call handler had been unable to confirm if the payment was genuine and there was no agreement reached with Mr M to return the payment. But I am persuaded listening to the calls that there was an agreement to reverse the payment. It was hours later that the funds were actually reversed. Mr M also received inaccurate information from the call handler on the call on 25 February, such as information about a complaint being made against the call handler and him switching his account elsewhere. The call handler also promised Mr M a call back and this didn't happen which would have been distressing for Mr M.

Due to a HSBC's error, the online banking wasn't unblocked when Mr M visited the branch. This would have been distressing for Mr M who would've returned home to try and access his online banking only to find out this hadn't been actioned, and therefore he was inconvenienced by having to contact HSBC again, and he had another call which was totally avoidable. As the call handler wanted to complete the same procedure which was completed in the branch that morning, and Mr M was not prepared to do this again, then it was only when he visited the branch again the following day that the block was removed.

So I've considered what would be fair compensation for what happened here. In doing so, I need to be mindful that Mr M may have been able to mitigate some of what happened by completing the security procedure. If he didn't constantly interrupt the call handler on 25 February call, this may have been resolved without him visiting the branch. The evidence I've seen shows the block was placed on his account on 23 February and it was removed on 28 February – a total of five days. HSBC confirmed there was no block on his telephone banking, and I've seen no notes, or listened to any calls which leads me to believe otherwise.

But I also need to consider the impact of the mistakes that HSBC had on Mr M. There were several errors during these five days which had an effect on Mr M as I've already detailed in this decision. So I'm not persuaded £40 compensation is sufficient for what happened here. I'm persuaded that HSBC should pay Mr M a further £135 to total £175 compensation for what happened, as while the block was only on the account for five days, Mr M was told incorrect information several times, the payment wasn't reversed in 15-20 minutes as the call handler on 23 February indicated it would be, he did not receive a call back as promised, and the internet banking block was not removed when he was in the branch despite the call handler saying it would be, which inconvenienced Mr M to contact HSBC again, and he visited the branch again on 28 February when it was finally removed. So it follows I intend to ask HSBC to put things right for Mr M."

I invited both parties to let me have any further submissions before I reached a final decision. HSBC accepted the provisional decision. Mr M responded and he asked me to address the following issues;

- If a user passes security and states that previous transactions were authorised and genuine, on what basis is it remotely reasonable to even suspect further payments to the same account are not authentic?
- If a HSBC agent cannot accept the word of a user that his transactions are genuine, why would they accept any answers to scripted questions?
- Why is there no back office security staff to refer the issue to?
- If there was suspected fraud, why reverse the transaction at all and return funds to an account?

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've noted the strength of feeling that Mr M has that I address his following questions. But these relate to HSBC's security process. But as I said in my provisional decision *"I must make it clear to Mr M that it is not within this service's remit to tell a business how they should operate their security procedures, such as what questions they should ask Mr M, when they should block a transaction, when they should block online access and what type of accounts they should block payments to – even if they are in the same name of their customer. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct HSBC to make changes to their policies and procedures, if necessary."*

So unfortunately, answering these questions do not come under my remit as this addresses the suitability of HSBC's security process. Instead, what I looked at as part of the complaint that Mr M brought to our service is if HSBC treated Mr M fairly, and I concluded that they did let him down when I said in my provisional decision that *"Mr M was told incorrect information several times, the payment wasn't reversed in 15-20 minutes as the call handler on 23 February indicated it would be, he did not receive a call back as promised, and the internet banking block was not removed when he was in the branch despite the call handler saying it would be, which inconvenienced Mr M to contact HSBC again, and he visited the branch again on 28 February when it was finally removed."*

In summary, Mr M's response hasn't changed my view and my final decision and reasoning remains the same as in my provisional decision. If Mr M is disappointed, I hope he understands my reasons.

Putting things right

In my provisional decision I said I intend to uphold this complaint in part. I said I intend to ask HSBC UK Bank Plc to pay Mr M a total of £175 compensation (less anything they have already paid him) 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 pay Mr M a total of £175 compensation (less anything they have already paid him) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 November 2023.

Gregory Sloanes
Ombudsman