

## The complaint

Mrs and Mr B complain that HSBC UK Bank Plc are not resolving their problems with their verification process declining online purchases.

## What happened

Mr B says that due to his disabilities, as he is virtually bedbound, has limited mobility and he requires assistance to do most things, he relies on getting his shopping and making payments online using the VbV (Verified by Visa) verification process. He says that since his HSBC debit card was changed and his card reader does not register the correct codes with the companies who he attempts to make the payments to, the attempted transactions fail, and this has been happening since August 2022. Mr B says he's contacted HSBC on several occasions, but their staff do not help him, and often make matters worse. He says he is often passed around different departments and faces long hold times.

HSBC partially upheld Mrs and Mr B's complaint and paid £75 to their account. They referred to a call Mr B had with them. They said the call handler was pre-judging the nature of his call, and she did not fully understand his request. Mr B had explained when the call was first picked up that he was looking to have the One Time Passcode (OTP) restriction removed for 20 minutes so that he could complete the transaction, but the call handler didn't understand this. They said Mr B was within his rights to request a manager, but where no further value can be added, they are within their rights to decline this request. HSBC ordered Mr B a new card reader to try and resolve the issue.

Mr B experienced the same issues with the new card reader and complained to HSBC about this. HSBC said that it was highly unlikely that multiple card readers would be faulty, as these were brand new at issue. They encouraged him to make sure he fully read the instructions and ensure all the credentials he was using were correct. Mrs and Mr B brought their complaint to our service.

Our investigator did not uphold Mrs and Mr B's complaint. He said the regulator has made it clear that firms need to provide several different methods of authenticating customers so they can use online banking or make online payments. And that these methods should be viable ones too. He felt HSBC acted fairly when they said they wouldn't offer Mr B any other alternative ways of authenticating himself to the ones they already mentioned due to the concerns they had about fraud. He said the £75 was fair for the customer service issues Mr B had with HSBC.

Mrs and Mr B asked for an Ombudsman to review their complaint. Mr B says he feels discriminated against due to his age and disabilities, which HSBC were aware of his situation. Mrs and Mr B made a complaint to HSBC.

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 Mrs and Mr B's complaint points. And I'm not going to respond to every single point made by them. No discourtesy is intended by this. 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 Mrs and Mr B that it is not within this service's remit to tell a business how they should operate their security procedures, such as how they should verify customer transactions or what methods they should use to verify online transactions. It would be the role of the regulator – the Financial Conduct Authority (FCA), who have the power to instruct HSBC to make changes to their policies and procedures, if necessary.*

*Mrs and Mr B have raised age and discrimination points with how HSBC have treated Mr B. HSBC have accepted that they provided Mr B with poor customer service. Mr B doesn't see it that way. He believes that what HSBC have done goes beyond poor customer service. He's felt discriminated against. I can understand why Mr B feels this way, and I do think HSBC hasn't quite grasped how their actions have made Mr B feel. So I'll be setting out in this decision how they should put things right.*

*Mrs and Mr B have also said that HSBC haven't taken into account the Equality Act. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. If Mrs and Mr B want a decision that HSBC has breached the Equality Act 2010, then they'd need to go to Court. However, based on what Mrs and Mr B has said in relation to HSBC discriminating against Mr B, I am not persuaded that HSBC has treated Mr B any differently to other customers in similar situations, and I will explain why.*

*Mrs and Mr B have complained that HSBC won't make relevant reasonable adjustments available for Mr B as he does not have a mobile telephone to receive codes, so he has to use a card reader which doesn't work. They've said that HSBC ought to be offering different methods to verify payments like other banks do such as providing a OTP via an email address or a landline.*

*We've asked HSBC what they can and cannot do, and how they operate. I can't say, taking everything both sides have said into account, that HSBC have been unfair or unreasonable here. I agree with Mrs and Mr B, for example, that it would be helpful if customers in Mr B's position would be able to use a different method of receiving an OTP than what HSBC currently have available, but I'm satisfied that HSBC have offered reasonable adjustments for Mr B – even if they might be different to the reasonable adjustments that Mr B wants them to offer him.*

*I've considered what Mr B has said regarding FCA guidance and reasonable adjustments. I want to make Mrs and Mr B aware that I've considered the relevant rules and guidance here. But HSBC don't have to agree to a bespoke process for Mr B. And I'm persuaded that they did offer reasonable adjustments, which I'll document below.*

*There is more than one reasonable adjustment that HSBC has for customers who don't own a mobile phone. One of these is providing a card reader for the OTP. I'm aware that Mr B has had issues with the card readers he's been sent. It's not clear why Mr B keeps experiencing issues using the card readers as it would be unlikely that HSBC would send multiple faulty card readers, and this is why they are suggesting there is an input issue on Mr B's end. But I've also seen what other alternatives that HSBC have available for Mr B.*

*There is another alternative that HSBC could have offered Mr B which they have confirmed to me, which was an exemption of the VbV altogether. This is different to an exemption of*

*the VbV checks where Mr B wanted HSBC to add a supermarket to a list of trusted merchants, as this would exclude all VbV checks. However, Mrs and Mr B would become more vulnerable to fraud as they wouldn't have this extra security step. I'm also aware from the system notes HSBC have provided me that Mr B requested a new card in 2022 due to fraudulent activity on his previous card. So this option may not have been suitable for Mrs and Mr B. But based on phone calls that I've listened to which I'll document later in this decision, this should have been an option Mr B was made aware of.*

*An alternative was for HSBC to apply a window (typically 15 minutes) which was an exception to needing the card readers to receive a OTP. But this would mean Mr B would need to ring HSBC's VbV team. While this isn't what Mr B wanted them to do, I'm persuaded it was a reasonable adjustment. But I'm persuaded that it would've been reasonable for HSBC to leave a prominent note on their system documenting this had been agreed and what the call handler needed to do when Mr B rang them if he couldn't get straight through to the VbV team, so he could be assisted straight away, and this would lower the chance of him losing his online supermarket shopping slot.*

*I've considered what Mr B has said about the service he received from HSBC. He's highlighted a number of phone calls and the issues he's had on these calls. So I asked HSBC to send me all of their available call recordings. I've noted that some of the calls Mr B has referred to are not included with the phone calls HSBC sent me, so I'm unable to listen to these as these are not available, but I can take into account Mr B's recollection of these calls.*

*There are a number of phone calls that I've been provided over a period of months, including calls from 2022 and 2023. I won't go into great detail on all of these calls in this decision due to the quick and informal nature of our service. But I can assure Mrs and Mr B that I've listened to all of the calls HSBC have sent me and I will summarise the service provided.*

*There are numerous examples of poor customer service that I have identified over the hours of calls I've listened to which are over and above what are detailed in HSBC's final response to Mr B. These include the expectation that Mr B would receive a phone call back from HSBC, which he didn't get, he was told by a call handler she couldn't transfer the call to the department Mr B asked for, he often explains he will lose his online supermarket slot, but the call handlers don't address his issue before he loses his slot.*

*In Mr B's individual circumstances, based on his disabilities, which I'm satisfied he made HSBC aware of, he was unable to visit a shop/supermarket to do his shopping, so him losing an online slot would have much more of an impact than someone who wasn't in his position. And this is why I'm persuaded that the distress and inconvenience which Mr B was caused was greater than someone who wouldn't have to ring up frequently for the exemption.*

*On one call Mr B asked to raise a complaint, and the call handler didn't raised this until around 50 minutes after he first asked, he was placed on hold several times, sometimes for long periods (and much longer than the call handlers told him he would be on hold for), call handlers had misinterpreted his instructions on the majority of calls I listened to, which resulted in him being on the phone a lot longer than he should have been, he was advised to take actions that he already told call handlers that he's already done (such as speaking with the retailers directly again).*

*On one call (1 March 2023) after the replacement card reader doesn't work, Mr B says that he wished the entire VbV would be shut down. This would have been an opportunity for HSBC to explain that this was an option and discuss the risks of if they did that for Mrs and Mr B. But the call handler who worked in the VbV department just asked if he could give Mr B an exception – even though Mr B had already told him everything had shut down and he*

*missed the window for his shopping. When Mr B asked to make a complaint, the complaint handler said they would make sure that he didn't need to ring them about this issue again as a result of making the complaint, which was an unrealistic expectation and I'm persuaded he said this as he didn't fully understand what was happening since August 2022 with Mr B.*

*But Mr B had asked to raise complaints before and because the card reader wouldn't work, the workaround was Mr B having to ring up each time. So this call handler was setting an expectation for Mr B that he wouldn't need to ring up again, when this would be an unlikely outcome (especially as they hadn't mentioned the full exclusion of the VbV before – or as part of his complaints). And Mr B needed to ring HSBC frequently after this call anyway.*

*On another call Mr B was talking to a call handler and the line went quiet as if he was placed on hold, Mr B had to check several times if the call handler was there, but he had no response, which frustrated him. The call handler appears to have left the phone to get a supervisor, but she didn't tell Mr B she was leaving to do this, so Mr B was left speaking to a silent line before the supervisor took over the call.*

*I also agree that Mr B was given poor service on the call he had on 10 February 2023 which is mentioned in his final response letter from HSBC. I agree that the call handler misinterpreted what Mr B was looking to do, as he asked for the block to be lifted for 20 minutes. This led to a long call which was unnecessary, which clearly distressed Mr B. The call handler was silent at times on the call.*

*HSBC have said that call handlers are within their right to decline a transfer to a manager when no further value can be given. But there were several call handlers which didn't understand Mr B's instructions. So I'm persuaded that a manager probably would've been able to add value here. This was evidenced on one call where Mr B was given poor service and the supervisor took over the call and was able to get the exception for Mr B in a timely manner.*

*But I'm satisfied that HSBC should have taken a further step at the outset of the issues Mr B was experiencing. If they had added a prominent note on their system which explained Mr B had a 15 minute exception window for the VbV process and this was time critical, and what actions a call handler should take when he rings up for the exemption, then Mr B would have avoided a lot of distress and inconvenience from call handlers misunderstanding him. He wasn't always passed to the relevant department. So the impact of not having a clear note on the system detailing the assistance Mr B needed due to his personal circumstances, resulted in a lot of time wasted, distress from not only losing his online slot frequently and him having to try and explain his situation to multiple call handlers multiple times, especially as Mr B has also told HSBC that he is hard of hearing, which added to the distress of the calls he had.*

*I understand Mr B has now registered a mobile phone to his customer profile, so hopefully this will mean he doesn't need to ring HSBC for an exception in the future. I'm aware his card reader is now deactivated, to allow him to receive OTP's to his mobile phone.*

*So I've considered what would be a fair outcome for this complaint. HSBC have already paid Mr B £75 for the poor service he received. But I'm not persuaded the compensation is proportionate for the impact of the distress and inconvenience Mr B had over several months for the reasons I've given in this decision.*

*I broadly agree with Mr B's summary of the calls that I've listened to therefore I accept his experience he's described on the call recordings I don't have access to. HSBC should have done more to ensure that a note was prominent on their system explaining to call handlers what they needed to do when Mr B rang for an exemption, especially given his disabilities*

*that he made them aware of. So I'm persuaded that an extra £400 compensation to total £475 is more proportionate for the impact HSBC's poor customer service had on Mr B. So it follows I intend to ask HSBC to put things right for Mrs and Mr B."*

I invited both parties to let me have any further submissions before I reached a final decision. HSBC confirmed they had no additional points to add at this time. Mrs and Mr B accepted the provisional decision, but they did have more points to add.

In summary, Mr B said he was told that HSBC's call handlers were trained and educated to resolve his problems, but the fact remained that a vast majority didn't know what they were doing and they caused frustration, further unnecessary delays, distress and frustration, even though they were fully aware of his ailments and disabilities. He said they continued to discriminate against him, and they did not take any notice of him into account, given that they were dealing with someone with his age and disabilities, and they should have noted this on their systems.

Mr B said he still believes this whole issue was created by HSBC deliberately and they are wholly responsible for the problems created. He said due to the issues with card readers, HSBC made no attempt to offer him an alternative as outlined by the regulator, and they continually ignored his requests, therefore they were discriminating against him, as they should have assisted him further.

### **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 considered what Mr B has said about the call handler's. I agree that they let Mr B down based on the calls I listened to. While I'm not persuaded they were doing this on purpose as I thought some of them were actively trying to help him, unfortunately, this help was misplaced as it often meant Mr B's supermarket slot expired, and this only added to the distress he felt. I'm persuaded that a large part of this would have been mitigated if just one of the call handlers left a prominent note on the system, concisely explaining what needed to be done when Mr B rang them for the exemption.

I've considered what Mr B has said about HSBC discriminating against him due to his age and disabilities. And I can understand why he's said what he's said based on the experience he had with HSBC for a prolonged period of time. But I'm still of the same opinion as I was in the provisional decision when I said the following:

*"Mrs and Mr B have raised age and discrimination points with how HSBC have treated Mr B. HSBC have accepted that they provided Mr B with poor customer service. Mr B doesn't see it that way. He believes that what HSBC have done goes beyond poor customer service. He's felt discriminated against. I can understand why Mr B feels this way, and I do think HSBC hasn't quite grasped how their actions have made Mr B feel. So I'll be setting out in this decision how they should put things right.*

*Mrs and Mr B have also said that HSBC haven't taken into account the Equality Act. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. If Mrs and Mr B want a decision that HSBC has breached the Equality Act 2010, then they'd need to go to Court. However, based on what Mrs and Mr B has said in relation to HSBC discriminating against Mr B, I am not persuaded that HSBC has treated Mr B any differently to other customers in similar situations."* I then set out why this was.

I've considered what Mr B has said about the regulator and their guidance on reasonable adjustments. I addressed this in the provisional decision when I said "*I've considered what Mr B has said regarding FCA guidance and reasonable adjustments. I want to make Mrs and Mr B aware that I've considered the relevant rules and guidance here. But HSBC don't have to agree to a bespoke process for Mr B. And I'm persuaded that they did offer reasonable adjustments*". I set out what these were in the provisional decision. I do accept that they should have told Mr B about the total exemption, although this should be a final resort, and would increase the risk of fraud on Mrs and Mr B's account.

But I'd again like to reiterate if there was a prominent note on the system about Mr B's requirements, then I think this process would have been a lot smoother than it actually was for Mr B. So I agree with Mr B that they should have assisted him further. And especially considering what Mr B said about his disabilities which I'm satisfied HSBC were aware of. That is why I considered this in the compensation I said I intend to award Mrs and Mr B.

In summary, Mrs and Mr B's response hasn't changed my view and my final decision and reasoning remains the same as in my provisional decision. If Mrs and Mr B are disappointed, I hope they understand 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 Mrs and Mr B a further £400 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 Mrs and Mr B a further £400 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 5 March 2024.

Gregory Sloanes  
**Ombudsman**