

The complaint

Mr L complains that HSBC UK Bank Plc trading as First Direct kept blocking a genuine payment he wanted to make.

What happened

On 22 July 2023 Mr L attempted to make a payment from his First Direct account to an account with another bank, but this was unsuccessful. Mr L made a number of further attempts to make the payment (both online and over the phone), but each time the payment was rejected by different call handlers that he spoke to, despite him stating that he passed the security questions, with one of the call handlers quoting a wrong bank that he was making the payment to. Mr L was only able to access his funds when he closed his First Direct account, and he transferred the funds to another bank. He says First Direct would not give him a reason why they kept blocking the payment. Mr L made a complaint to First Direct.

First Direct did not uphold Mr L's complaint. They apologised for a call handler referring to an incorrect bank. First Direct said that the decision to reject and not release his payment, was after questioning him, and the representatives he spoke with did not feel comfortable that it was a genuine payment. They said payments will be rejected if they are uncomfortable to release them, to protect Mr L and his funds, as well as the bank. First Direct said they were unable to advise of the reasons why this decision was made. Mr L brought his complaint to our service.

Our investigator did not uphold Mr L's complaint. She said First Direct were entitled to carry out the checks that they did, and she hadn't seen anything which made her think they treated Mr L unfairly. She didn't think the amount of time it took to sort things out was unreasonable or disproportionate in the circumstances. Mr L asked for an ombudsman to review his complaint. He also said he had a regular savings account that had funds in it that he couldn't get access to.

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.

Mr L has mentioned his regular savings account. But as this was not raised as part of his complaint that he originally made to First Direct, then I'm unable to look into any complaint points Mr L has about this account. But First Direct have requested that he provides the account details he would like the balance of that account to be transferred to, so that the account can be closed (as it can't be operated as a standalone account).

So Mr L may wish to provide these details to our investigator to see if First Direct will accept the details from her, or he may wish to contact First Direct with these details directly, so he will be able to get confirmation from First Direct that the transfer has been processed and to close the account.

I'd like to explain to Mr L that it is not within this service's remit to tell a business how they should run their security procedures, such as when to block attempted payments or when to release these back into his account if they are concerned they are not genuine. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct First Direct to make changes to their policies and procedures, if necessary.

Banks and building societies have an obligation to try and keep their customers' accounts safe and prevent fraudulent transactions. Sometimes they identify and block legitimate payments that a customer wants to take place. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean they have acted incorrectly.

They are also not required to tell their customer why they are rejecting the payment request. This is because their security procedures are sensitive, and that giving specific reasons could potentially circumvent their security systems.

I've had a look at First Direct's terms and conditions to see what they can and can't do, as Mr L will have needed to have agreed to the terms of the account. Page 22 of the terms does show that they can refuse to accept or make payments. So as different call handlers had concerns that the payment Mr L was trying to make wasn't genuine, then they acted in line with the terms to reject the payment. This is what I would expect them to do here. I would not expect them to process a payment they didn't believe to be genuine. Doing so could result in First Direct breaching their security obligations.

So while Mr L's payment attempts were indeed genuine, I can't say that First Direct breached the terms and conditions here, even though it must have been very frustrating for Mr L to have numerous calls on 22 July 2023 without being able to get First Direct to process the payment to the other bank.

I have considered that one of the call handlers referred to an incorrect bank, but I'm not persuaded that this means the call handler shouldn't have rejected the payment when they did not think the payment was genuine. As they had concerns about whether the payment was genuine, they acted in line with the terms by rejecting this. First Direct have apologised for this error, and I'm satisfied an apology is proportionate for that. So it follows I don't require First Direct to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 7 March 2024.

Gregory Sloanes
Ombudsman