

The complaint

Mr F complains that HSBC UK Bank Plc trading as first direct would not process a transfer of £20 for him over the phone.

What happened

Mr F attempted to transfer £20 over the phone with First Direct to another person. He says he was asked by the call handler who the £20 was going to, and why he was sending them £20. Mr F says that he told the call handler it was personal, and not any of First Direct's business, but they refused to complete the payment for him.

Mr F says he'd previously transferred £1,400 to a family member earlier in the year. He says he told First Direct the reasons for this to alleviate any fraud/scam concerns that First Direct may have, and he believes in stringent measures to combat fraud, but common sense should prevail. Mr F said he felt insulted that First Direct asked him the questions they did about the £20 transfer. Mr F made a complaint to First Direct.

First Direct did not uphold Mr F's complaint. They said they need to make sure customers understand the different types of fraud or scams they could be victim to, and they aren't being pressured or coerced into moving their money by others. First Direct said this includes payments being made to a friend or a member of his family. They said when making a payment to a new non-major beneficiary, they'll ask Mr F some additional questions, which have been introduced in line with current regulations and to help them protect him. Mr F brought his complaint to our service.

Our investigator did not uphold Mr F's complaint. She said the account terms and conditions reiterate First Direct may refuse to make a payment for various reasons, including if Mr F hasn't provided extra information about the payment that they've reasonably asked for. So although she understood why Mr F felt strongly about this issue and he refused to answer the questions as a matter of principle, First Direct didn't make an error here. Mr F asked for an ombudsman to review his complaint.

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'd like to explain to Mr F that it is not within this service's remit to tell a business how they should run their security procedures, such as when to refuse attempted payments, or when to ask further security questions, regardless of the amount being transferred. 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.

I've listened to the original phone call that Mr F had with First Direct. Mr F told the call handler he wanted to make the payment to a family member. The call handler later asked Mr F the reason for the payment, and Mr F said it was a payment, and it was only £20. The call handler acknowledged it wasn't a large payment, but they still needed the reason for the payment. Mr F told them he wouldn't tell them out of principle, and he asked to speak to a manager. The call handler explained a manager doesn't take calls, but she could raise a complaint for him. The call handler raises a complaint for Mr F.

Mr F rings First Direct back later the same day. He asks the call handler if he needs to give a reason to transfer £20 to someone. The call handler confirms he does. Mr F thanks the call handler for her time and the call is ended.

Mr F rings First Direct for a third time that day, and he asks the new call handler if he needs to give the reason for transferring £20. The call handler reiterates he would need to give the reason. When Mr F asks why, she tells him this is regarding fraud and scams. So First Direct's process was reiterated three times to Mr F.

I've looked at the terms and conditions which were in place at the time of the block to see if these reference First Direct being able to refuse a payment instruction from Mr F. Page 22 of the terms set out when they can refuse to accept, or make payments on Mr F's behalf. Here, First Direct had concerns about the payment with it being to a new beneficiary, so they acted in line with the terms, and they didn't make the payment.

So I'm satisfied that First Direct were fair to refuse the payment based on the reasons given in this section of the terms. So I can't say First Direct made an error here in trying to protect Mr F's funds, even if the payment was only for £20. 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 F to accept or reject my decision before 5 November 2024.

Gregory Sloanes
Ombudsman