



The complaint

Mr R is unhappy with the service he received from HSBC UK Bank Plc surrounding a payment he tried to instruct.

What happened

Mr R instructed a payment from his HSBC account. However, the payment was flagged by HSBC's automated fraud prevention systems and Mr R was sent a text message by HSBC asking them to call him. Mr R called HSBC in response to this message, but he was unhappy with the questioning he was subject to by HSBC and with the tone and manner of the HSBC agent he spoke with. Because of this, Mr R raised a complaint with HSBC and then ended the call before HSBC's process to release the payment was complete.

A few days later Mr R called HSBC again and was told that the payment had been cancelled because he hadn't completed HSBC's required process on the previous call. Mr R wasn't happy about this, and he instructed HSBC's agent to input the payment again. Mr R also asked HSBC's agent for confirmation that the re-instructed payment wouldn't be flagged by HSBC's fraud systems for a second time and was told by HSBC's agent that it wouldn't be.

However, the re-instructed payment was flagged by HSBC's fraud prevention systems for a second time, which meant that Mr R had to call HSBC again. And again, Mr R wasn't happy with the tone and manner of the HSBC agent he spoke with, or that he had to go through HSBC's required process in its entirety, much of which he'd been through previously, to get the payment released. And because of this, Mr R reiterated his complaint to HSBC.

HSBC responded to Mr R's complaint and but didn't feel that they'd done anything wrong by flagging both instances of the payment as being potentially suspicious or by requiring Mr R to go through their required security process as a result. HSBC also didn't feel that their agents had been rude or unprofessional towards Mr R as he claimed. Mr R wasn't satisfied with HSBC's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that HSBC had acted unfairly towards Mr R as he maintained and instead felt that HSBC's actions surrounding the instructed payment were fair and reasonable – although they acknowledged how having a legitimate payment flagged for security checks can be frustrating. Mr R didn't agree with the view of this complaint put forward by our investigator, so the matter was escalated to an ombudsman for a final decision.

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'm sympathetic to Mr R here, and I appreciate that it can be frustrating and inconvenient when instructed payments are flagged for further checks by banks such as HSBC. However, I'm also mindful of the regulatory and moral obligations binding on all financial institutions to have systems in place to protect their customer's money.

Fraud prevention systems are used by financial institutions to meet those obligations. These systems flag activity that may be of concern and prevent further usage of an account where it's felt that there is a possibility that fraud or a scam may be occurring. Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems.

This is often frustrating and inconvenient for the customer involved. But it doesn't necessarily follow that because some frustration and inconvenience has been incurred that an unfair act has taken place. Rather, it can be the case that an unfortunately necessary amount of frustration and inconvenience may be required for a bank such as HSBC to meet its account security obligations. And I feel that this is what happened in this instance.

Ultimately, I'm satisfied that HSBC flagged the payment in question and required Mr R to complete the subsequent processes that it did because HSBC had genuine concerns about the safety of the transfer, including that Mr R might have been in the process of being scammed.

Additionally, while it's clear from listening to the calls between Mr R and HSBC that Mr R was frustrated by having to complete this process, I wouldn't reasonably expect HSBC to have released Mr R's payment until they were sure, to their satisfaction, that the payment instruction was genuine, and, importantly, that Mr R wasn't in the process of being scammed. And it was to ascertain whether Mr R was or wasn't in the process of being scammed that many of the questions HSBC put to Mr R were asked.

Mr R didn't complete the required security process with HSBC in the first instance and instead raised a complaint with HSBC and then ended the call. This meant that HSBC were unable to release the payment – because Mr R hadn't completed the required process – and the payment instruction was therefore cancelled.

This doesn't seem unreasonable to me, given what I've explained above, and I feel that it's unfortunate that Mr R didn't complete the required process in the first instance, which would have resulted in the release of the payment at that time. But given that it was Mr R that didn't comply with HSBC's requirements in this regard, I don't feel that what happened in this regard was unfair.

Because HSBC couldn't release Mr R's payment, this meant that Mr R had to call back and re-instruct the payment. And on that later call, the HSBC agent Mr R spoke with confirmed to Mr R that the payment would be processed subject to checks, meaning that it might be the case that the payment was flagged by HSBC's fraud prevention systems again.

Indeed, given that the first payment instruction had been flagged by HSBC's fraud prevention systems, and that Mr R hadn't then completed the required security process to release that payment, I feel it's both reasonable and logical to expect a repeat instruction of that same payment to also be flagged by HSBC's systems for further checks. And I wouldn't reasonably expect that the security concerns of any bank could be circumvented by simply re-instructing the same payment.

Toward the end of the call, after HSBC's agent had re-instructed the payment, Mr R asked HSBC's agent whether the payment would be flagged for further checks and was told that it would not.

However, I feel that there was some misunderstanding on HSBC's agent's part here, and I note that the agent referred to the payment being made to an established payee. But HSBC have demonstrated that there was no prior instance of Mr R making the payment to the

payee in question from that account, and as such I feel that HSBC's agent was most likely referring to repeat payments made by Mr R moving forwards after that date.

Finally, when Mr R called HSBC back after the second instruction was also flagged for further checks, he did complete the required process with the HSBC agent he spoke with at that time and the payment was then released as Mr R wanted.

Mr R has said that HSBC's agents were intrusive and rude in how they spoke with him. But having listened to the calls, I don't agree. Rather, I feel that in all instances HSBC's agents were polite and professional, even in response to Mr R's notable frustration at being asked to complete a process he clearly didn't want to complete. And while it's clear that Mr R found HSBC's required security process itself to be intrusive, I'm satisfied for the reasons previously given that it was fair and reasonable for HSBC to have required Mr R to complete that process with them.

All of which isn't to say that Mr R wasn't frustrated and inconvenienced by what took place here. But it is to say that I'm satisfied that any trouble and frustration that Mr R experienced was an unfortunately necessary consequence of the requirements of modern banking security in the face of increasingly complex and sophisticated threats and scams. And, as explained, I feel that Mr R could have mitigated against the latter part of dissatisfaction here by complying with HSBC's requirements in the first instance, which would have resulted in the release of the payment that he wanted to make at that time.

I realise this won't be the outcome Mr R was wanting, but it follows from all the above that I won't be upholding this complaint. In short, this is because I don't feel that HSBC have acted unfairly towards Mr R as he contends. I hope that Mr R will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 16 January 2025.

Paul Cooper
Ombudsman