

## **The complaint**

Mr N is unhappy with Hampshire Trust Bank (HTB). He went to log in to his account but found he was no longer able to without a mobile phone.

Mr N doesn't have a mobile phone.

## **What happened**

In May 2024 Mr N found he was unable to access his account. He said HTB provided no alternative means of receiving a security code. Mr N said this means he has been stopped from accessing his account. He said there was no warning, and he hasn't been able to access his online services since.

HTB said its new online portal means two factor authentication is now needed using a mobile phone. HTB said this was to prevent fraud and add more security. HTB said there was no alternative option and no plans to change that. It accepted without a mobile a customer would be unable to use HTB's online banking portal.

Mr N remained unhappy and brought his complaint to this service.

Our investigator upheld the complaint. She didn't think HTB had made Mr N aware of the account changes in advance apart from on its website. She said Mr N would be able to work with security codes being sent by email. But she noted HTB had no intention of offering other options to Mr N. Our investigator said this was unfair. She also noted Mr N would only be able to call HTB to service his account during office hours. As Mr N was unable to access his account, she said HTB should pay him £200 compensation. She concluded if in the future HTB do offer security codes by landline or email it should notify Mr N.

HTB didn't accept this and asked for the complaint to be passed to an ombudsman for a 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.

Mr N said he used this account as a back up to his main current account. He said there was a need for him to be able to transfer funds quickly when necessary. He said the phone during business hours option doesn't really work for him as he is away from a landline phone during these hours.

Mr N said because he hadn't received a warning, he did miss a credit card payment he needed to make. Although he managed to resolve the matter with the credit card provider, he said it was a worry, a very annoying moment, and an unnecessary complication.

Mr N said he would now lose out on interest. As he would have to take action and move some funds into an account paying less interest with another provider that would allow internet access.

Mr N noted HTB had been really slow in responding, hadn't apologised, and offered no remedy.

Mr N did look at The Financial Conduct Authority details on this issue and provided the following quote: *"We have been made aware of instances where consumers have been told by their bank that, for example, they will not be able to shop online or access their account without a smart phone. This is not acceptable."*

He continued FCA said codes to landline numbers, emails and card readers could be used as alternatives.

Mr N would like HTB to offer alternatives.

HTB said the new arrangements were for the protection of savings account customers and HTB.

HTB said the new system didn't allow two factor authentication to be done via any other option apart from a mobile phone. It said it was available to support any customer in this situation who could call in, email, or use the post to service their accounts.

It said Mr N had an easy access savings account that requires no notice to close and wouldn't be subject to any penalties to withdraw funds or close the account. It said he can close the account if it's no longer suitable for him.

HTB said the Payment Services Regulations (PSR) didn't apply to this savings product as it isn't considered a payment account. It said it discussed this with senior management and felt it was acting in line with regulatory responsibilities. In terms of notifying customers, it said it acted in line with account terms and conditions by making this clear on its website.

HTB did apologise it hadn't met Mr N's expectations and any key account communications from now on would be posted to him.

HTB said Mr N had used his landline for all telephone contact so could call during office hours.

It concluded because this isn't considered a payment account PSR rules around Strong Customer Authentication (SCA) don't apply.

What Mr N picked from the FCA details is interesting. And I note that it has made specific comment about how firms have delivered SCA. Notably: *"We expect firms to develop SCA solutions that work for all groups of consumers."*

*This means that you may need to provide several different methods of authentication for your customers. This includes methods that don't rely on mobile phones, to cater for consumers who don't have, or don't want to use, a mobile phone."*

The FCA seem very clear on this point and suggests to me that HTB's current approach is unfair and unreasonable.

It's clear the way Mr N used to use his account has fundamentally changed. And HTB has shown no willingness to offer him other alternatives that he has been clear he would like to use. The options Mr N suggested appear to me to be in line with the FCA.

I understand HTB said it has complied with its terms and conditions when it put details of the changes on its website. But I understand Mr N as an existing customer might not go to the website to check for wholesale changes in the way his account will work in the future.

There's no doubt Mr N has suffered distress and inconvenience here. There has been an impact on him, how he uses his account and changes he will need to make to ensure his banking arrangements work for him in the future.

In the circumstances I think £200 for the distress and inconvenience caused is a fair and reasonable outcome.

### **Putting things right**

- Pay Mr N £200 compensation for the distress and inconvenience caused.

### **My final decision**

I uphold this complaint.

I require Hampshire Trust Bank to:

- Pay Mr N £200 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 14 February 2025.

John Quinlan  
**Ombudsman**