

## **The complaint**

Mr B complains about the service provided by HSBC UK Bank Plc trading as first direct ('first direct') after it blocked and then reversed a payment he wanted to send.

## **What happened**

Using first direct's online banking service, Mr B set up a new payee and input the details to send a four-figure payment the same day to a credit card provider.

The transaction was flagged by first direct's automated system for additional security checks but Mr B was unable to discuss matters when the fraud team first contacted him about this. first direct subsequently sent Mr B a text asking him to call. When Mr B did so, he waited on hold for around 16 minutes before terminating the call without speaking to anyone on first direct's fraud team.

first direct subsequently cancelled and reversed the payment.

When Mr B complained to first direct about what happened, first direct didn't uphold Mr B's complaint. It said:

- the payment was reversed after background security checks highlighted the need for additional checking by the fraud team.
- When the fraud team hadn't been able to contact Mr B, the required checks couldn't be completed and so the payment was reversed, in line with bank process.
- These procedures are in place to protect customers and the bank from fraudulent activity.
- It was unfortunate that Mr B had been kept waiting to speak to someone in the fraud team, but the team didn't operate a call back system so this was his only option. Mr B was made aware before hanging up on the call that he would need to speak to someone on the fraud team before the payment could be released.

Mr B didn't feel this was a satisfactory response and so he brought his complaint to us.

Our investigator didn't uphold the complaint. He felt that first direct had acted correctly and fairly. So he didn't recommend that first direct needed to take any further action.

Mr B disagreed with our investigator. He feels that he did everything asked of him and what happened is the result of first direct being short-staffed, saying that '...they do not have staff to deal with situations that they create.' He says first direct should have called him back. He doesn't feel the investigator has addressed the core issue and he'd like us to decide his case in compliance with natural justice. Mr B would like compensation for what happened.

Mr B has asked for an ombudsman to review his complaint, so it comes to me to decide.

## **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 can readily understand why what's happened has been upsetting and frustrating for Mr B. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

I've only briefly summarised what seem to me to be Mr B's main concerns and my focus is on what I think are the key issues here. Our rules allow me to do this and this approach simply reflects the informal nature of our service as a free alternative to the courts.

In order to uphold Mr B's complaint and award the redress he is seeking I would have to find that first direct made an error or acted in a way that wasn't fair and reasonable and this led to Mr B suffering financial loss or some other detriment. So I've looked at what happened with this in mind.

I appreciate that Mr B wanted first direct to comply with his payment request. But first direct can't simply rely on Mr B setting up and approving proposed payments himself. I must take into account that first direct has legal and regulatory obligations imposed by the Financial Conduct Authority ('FCA'). This means that first direct has to have processes in place to help ensure it takes reasonable steps to keep customers' money safe. Mr B had just requested a reminder of his online banking username (prompting a fraud alert message) and he was trying to send a substantial sum of money to a new beneficiary the same day as setting up the payment arrangements - all from abroad. In these circumstances, I can't fairly say that first direct made any error here when its internal systems flagged the proposed transfer for security checks. first direct's business terms covered this situation and Mr B would've signed up to the account terms and conditions in order to be able to use the account.

Nonetheless, first direct still needed to act in a fair and reasonable way towards Mr B. I've thought carefully about this.

first direct phoned Mr B to discuss the payment when it initially flagged up for additional checks. Unfortunately, it wasn't a convenient time for him to discuss the issue. But I can't hold first direct responsible for the fact that this meant Mr B needed to get back in touch with first direct later.

first direct sent him a text message prompting him to call. Mr B was ringing from overseas on a mobile phone and it was expensive for him to do this. So being kept on hold when he'd called back to speak to a member of the fraud team was, understandably, very frustrating for him. But first direct has explained its Fraud Response Team do not operate a callback system so this was his only option if he wanted to send the payment. We have no power to tell a financial business how it should operate its internal processes, so not being called back isn't a good enough reason for me to be able to uphold this complaint.

If Mr B had spoken with someone in first direct's fraud department, payment could have been released. Delays on the phone from time to time whilst carrying out online or mobile banking are an unfortunate but inevitable part of dealing remotely with a financial business charged with protecting customers' money. And whilst having to wait on the phone is far from ideal, Mr B wasn't kept waiting for such an unreasonably long period that this warrants me upholding the complaint – especially where first direct had already attempted to discuss the matter with him earlier on.

first direct had made Mr B aware, and I think that Mr B understood when he chose to end the call, that his payment wouldn't be released until after he'd spoken to the fraud team. first direct told him when it cancelled the payment - so he was informed straightaway that he'd need to make some other payment arrangement. He could have logged back on at that

stage and tried re-sending payment or instructed the payment over the phone at any time. I understand that he did log on to Internet Banking and make a different payment the next day, showing he had access to the system.

I'm sorry that this was such an upsetting experience for Mr B overall. I can completely understand that this was a frustrating thing to happen when time was short and he wanted to ensure payment to his credit card in order to avoid incurring interest and maintain his credit record. But I haven't seen enough to be able to uphold his complaint and award the compensation Mr B would like me to. Banks have an obligation to take steps to keep customers' accounts and money safe. Sometimes this can mean the bank identifies and blocks legitimate payments that a customer wants to make. Understandably, this can cause distress and inconvenience to a customer – but it doesn't necessarily mean the bank has acted incorrectly or unfairly.

I appreciate that my decision will be disappointing for Mr B but I hope that setting things out as I've done helps him to understand how I've reached my conclusions.

### **My final decision**

My final decision is that I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 February 2025.

Susan Webb  
**Ombudsman**