

The complaint

Mr D complains that HSBC UK Bank Plc trading as first direct blocked his card for a fraud detection check when he attempted to make a payment to a car hire company abroad.

What happened

Mr D holds a credit card with HSBC. On 11 November 2024 Mr D authorised a payment to Europcar for £278.43. On 13 November 2024 Mr D attempted to make a payment to Europcar (Johannesburg) for £387.17. The transaction was attempted four times. Each time the transaction was declined.

HSBC sent a SMS at 9.28am to Mr D asking him if he had made the transaction and to confirm with a "Y" if he did and a "N" if he didn't.

Mr D contacted HSBC via chat in the banking app. He said he'd arrived at the airport and was trying to hire a car. He asked for the card to be unblocked. The chat agent explained that Mr D needed to reply to the SMS or speak to them on the phone to remove the block.

The live chat continued for around 2 hours. At 11.28am HSBC received Mr D's response to the SMS and the card was unblocked.

Mr D complained to HSBC. HSBC issued a final response on 15 September 2024, but Mr D remained unhappy and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said HSBC hadn't made an error by blocking the card and that it had followed its processes by asking Mr D to reply to the SMS message.

Mr D didn't agree. He said he'd made ten identical trips previously and queried why the fraud checks triggered this time when they hadn't triggered before. Mr D said he was currently in South Africa and had used a credit card from a different provider with no issues. He queried what his current bank was doing differently to HSBC. Mr D said he'd pointed out on the chat that the communication in South Africa was unreliable, and it wasn't realistic to expect a response to the SMS. Mr D said that by contacting HSBC via chat he believed he had fulfilled the requirement to validate the transaction. Mr D said he didn't think it was fair for HSBC to hide behind its procedures without providing an explanation as to why the card was blocked.

Because Mr D didn't agree I've been asked to review the 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 know it will disappoint Mr D, but I agree with the investigators opinion. I'll explain why.

I've read and considered the whole file, but I'll concentrate my comments on those points

which are most relevant to my decision. If I don't comment on a specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

I do understand what a frustrating experience this must've been for Mr D, particularly as he was keen to collect his hire car and begin the four hour drive to his ultimate destination.

My role here is to look at whether HSBC made any errors or treated Mr D unfairly.

I'll address the issue of the card block first. HSBC – like all credit providers – have fraud detection systems in place which will automatically flag unusual or out of the ordinary transactions for further security checks. These systems are in place to protect customers from potential fraud. The checks are triggered automatically based on the score given when an authorisation is requested.

These checks form part of the terms and conditions of the account. Mr D agreed to these terms and conditions when he took out the card and entered into the credit agreement.

I appreciate that Mr D wants to know why the fraud detection system was triggered on this occasion. HSBC has said that it isn't able to say specifically why the transaction triggered the automatic security system but has explained that there are a number of factors which are taken into account including the location, the value, the retailer and how the payment is being processed.

I also appreciate that Mr D has made the same trip and hired cars from the same car hire company on several occasions without the fraud detection system being triggered. A previous transaction – or a series of previous transactions – with the same retailer doesn't mean that the fraud detection system won't trigger. The fact that Mr D travels abroad frequently doesn't mean that he might not be a victim of fraud on one of those occasions.

Mr D expressed frustration during the online chat that he couldn't validate the transactions via the chat. He explained to the chat agent that there were difficulties in getting his mobile phone to work in South Africa and that he didn't have a roaming contract. I can see that the chat agent offered to have the fraud team call Mr D to validate the transaction that way and cover any costs, but Mr D didn't want this.

Mr D expressed his view on the chat that he doesn't agree with the policy of requiring a reply to the SMS and he thought the policy should be amended. I do understand that it must've been very frustrating for Mr D to be unable to verify the transaction via chat. However, HSBC are allowed to have a process in place and the process required Mr D to respond to the SMS or speak to the fraud team. I don't think the process is an unreasonable one, but I acknowledge that Mr D doesn't share that view. In any event, this service can't require a business to change its processes and procedures – only the regulator can do that.

Based on what I've seen, HSBC followed its processes correctly here. So I'm unable to say that it made an error. And whilst I appreciate that it took a long time before the transaction was verified, it may have been the case that there was a delay in HSBC receiving Mr D's SMS due to him being overseas and the SMS bouncing between various overseas networks.

Taking everything into consideration, and whilst I understand that Mr D feels very strongly about this, there's no evidence to suggest that HSBC made an error or treated Mr D unfairly or unreasonably. In the circumstances I'm unable to uphold the complaint.

My final decision

My final decision is that I don't uphold the complaint.

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

Emma Davy
Ombudsman