

The complaint

Miss R complains that HSBC UK Bank Plc didn't process some payments to a retailer correctly.

What happened

Miss R explains that some online payments using her debit card to a specific retailer were declined. When she contacted HSBC she didn't receive a clear explanation why. And payments had been declined without a one-time passcode (OTP) being sent and then one declined when an OTP had been sent. HSBC hadn't resolved the issue, and she was unhappy with the service provided.

HSBC said it hadn't made a mistake with the payments. It said that debit card payments were processed for the retailer through a third-party system. And based on information submitted to HSBC it would make a decision about whether to agree the payment. It said that the payments here were declined *"with the reasons that either transaction amount is higher than originally confirmed or identity of payee could not be validated."* HSBC said that where it hadn't sent an OTP that's because the retailer hadn't asked for one. And that Miss R would need to contact the retailer directly. It accepted that Miss R hadn't received good service during the calls of 9 and 10 December 2024 and offered to pay her £100.

Our investigator didn't recommend that HSBC do more than it had offered to. He thought that the payment in relation to service issues was appropriate. He said that there were no blocks on the transactions by HSBC. And that this problem was only happening with one retailer. So, he thought it most likely that there was a problem with the retailer's website. And this wasn't an error from HSBC.

Miss R didn't agree and wanted her complaint to be reviewed by an ombudsman. She didn't accept that this was a problem with the retailer or that the error message referred to made any sense. An OTP should have been sent, but she also pointed out that when it had been a payment was still declined on 12 December 2024. And that this and the service then provided hadn't been sufficiently addressed.

My provisional decision

I issued a provisional decision on 27 May 2025.

I'd said I needed to clarify that HSBC dealt separately with complaints about the service provided and the technical issues with the OTPs. Miss R wanted all aspects to be reviewed and given the close links between the complaints I'd already let her know through our investigator that I'm combining them in this assessment.

I also had asked our investigator to contact HSBC for some more information. I noted that the call Miss R referred to with HSBC of 12 December 2024 was included within the business file provided to this service. And I thought it undesirable for a further complaint to be established in addition to the first two about what was a similar matter, and I indicated I'd deal with that now. I asked if HSBC had any comments about that matter. I also asked it for

some technical information about the payments. It provided me with the activity logs for Miss R's debit card and some further information about the declined payments which I deal with below. It said it didn't have any evidence it could send about the OTPs. But it didn't think the OTPs referred to by Miss R tied up to the declined payment.

HSBC has also pointed out that the specific payments declined showed a different merchant category code for the retailer. But it couldn't help me with the significance of that other than it was 'odd.' It also said that the reason for these payments declining was now that *"the maximum number of updates for this token had been exceeded."* But it didn't explain to me what that meant. I'd asked it to give a meaningful explanation that I could provide for Miss R.

I noted that on 9 and 10 December 2024 Miss R had called HSBC about declined payments. And she was clearly impatient at the time taken to find an explanation and wanted the issue fixed. She was also concerned at the impression the retailer would have of her as payments were being declined. At the same time, I did consider that the agents were trying to deal with the issue and had limited information about the technical problems.

Miss R was able to make those payments during the calls. And, for example, in the call of 9 December 2024 she was told she was able to put through a payment because the agent had worked on the issue. I noted then that during the call Miss R said an OTP had still been sent and input by her. That's even though the agent said that a 15-minute exception had been given to allow payments to go through.

Miss R has provided a screenshot of OTPs she received on 11 and 12 December 2024. I could see the one on 11 December 2024 relates to a payment of £4.67 to the retailer that was processed and there was one on 12 December 2024 for a successful payment of £6.87. There were three OTPs shown on 12 December 2024 relating to a payment of £8.44 at 10:58, 10:59 and 11:00. I noted from the debit card log that a payment for that amount was last declined at 11:10 but also a separate equivalent payment agreed 30 seconds later. I noted in particular that during that call she was assured that the issue raised would be added to her ongoing complaint and investigated. I noted *for context only* from the debit card log that the problems referred to reoccurred with declined payments on occasion through to early January 2025. But then there is no further evidence of issues in the information I had available. And Miss R explains she doesn't have processing issues with her other bank when making card payments to this retailer.

My assessment

I said I didn't have the complete information I requested here. And there is no OTP record available. So, I was going to need to make some findings based on what I thought most likely. The retailer here was clearly set up to request verification through OTPs in relation to payments. So, I didn't accept as most likely that it wouldn't always be possible for these to be issued. The message about why the payments were declined is now notably different and still doesn't seem to relate to an issue with OTPs but likely led to a sufficient basis to decline payments at that point without an OTP. HSBC appeared to be able to address the issue when Miss R called on 9 and 10 December 2024, but not permanently resolve it. There was no understandable explanation given of the issue when Miss R called on 12 December 2024 she could say have contacted the retailer about.

Having said that the issue was confined to this retailer only. There were intermittent problems and that does make it most likely that a technical issue arose in the way certain payments were submitted. HSBC's explanations in response remain unclear. I found Miss R's testimony in her call with HSBC on 12 December 2024 about receiving and correctly inputting three OTPs and the payment then still being declined credible. And on the face of it, HSBC seemed to have no basis then having got that level of authorisation to

decline the payment. I noted that it was somehow made when Miss R had called.

It's not in dispute that service from HSBC could have been better during the calls and may have been assisted by a quicker and more understandable explanation of the issue. I appreciated part of the complaint was about complaint handling but that's not a separate regulated activity and HSBC provided final responses and Miss R was able to refer the complaint issues to us.

Having balanced all the factors here I said I intended to require HSBC to compensate Miss R for the element of inconvenience and distress I thought it was responsible for. That includes the lack of clear information provided to her. And for declining a payment when Miss R had input several OTPs. I'd also considered the issues with service identified. I'd taken into account our published guidance and I found that the appropriate total amount to be £200. That includes the previously offered and I understood now paid amount of £100.

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.

HSBC said it agreed to pay the compensation and had no further comments.

Miss R said she agreed with the outcome. She wanted to emphasise that during her calls with HSBC she did request that the declined payments go through. And this was evident as the payments went through. And she said that HSBC was wrong to say she wasn't explicit about this, and she explained she was 'panicking' over the payments declining.

I've taken into account the further comments made by Miss R and suitably reflected them in my summary of what happened above. Miss R doesn't say that they make a difference to the amount I'm awarding. And I see no reason to make any other changes here to my decision.

My final decision

My decision is that I uphold this complaint and require HSBC UK Bank Plc to pay Miss R a total of £200 which I understand as set out above to mean a further payment to her of £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 11 July 2025.

Michael Crewe
Ombudsman