

The complaint

Mr R complains HSBC UK Bank Plc allowed a £60 transaction to leave his account despite him entering an incorrect Card Verification Code (CVC).

What happened

I sent the parties a provisional decision in March 2025, in which I set out the following background information to the complaint and my provisional findings, as follows:

Mr R explained he made an online card transaction of £60 to a third party. The merchant asked for his CVC code during the transaction which Mr R said he entered incorrectly, so thought the transaction would be declined.

Mr R contacted HSBC as his account showed the £60 was due to be debited and wasn't showing in his available balance. HSBC advised Mr R it could take until the end of the day for the funds to be showing as available in his account.

Mr R explained the funds did not return by the end of the day and the merchant denied taking the payment. Mr R said the merchant has credited his account with it with £60 after he sent them proof of the transaction. Mr R made several more telephone calls to HSBC over the next few days to raise this issue and make a complaint.

Mr R explained he is concerned about the security HSBC has as funds left his account and did not return when he entered incorrect security information.

HSBC wrote a final response to Mr R. It said all authorisation requests for this payment were approved and it couldn't verify whether there were issues with the security code at the merchant's side. HSBC explained when a transaction is approved it is temporarily reserved on the account awaiting final confirmation from the merchant. If the merchant had rejected the transaction, these funds would have been released back into Mr R's account within seven working days. HSBC summarised the transaction was successful.

Our investigator thought HSBC had provided Mr R with some incorrect information, but didn't think HSBC were at fault or that it needed to compensate Mr R. They explained it appeared from the evidence provided, the merchant had issues with its systems and that the transaction in question was authorised correctly.

Mr R disagreed, explaining two other transactions had gone through without issue to the same merchant on the same day and was adamant he had entered incorrect security information for the third transaction.

As Mr R rejected our investigator's recommendation, his complaint has been passed to me to make a final decision.

My provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I appreciate how strongly Mr R feels about his complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact

the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Mr R has been consistent throughout his contact with our service that he entered the CVC incorrectly for the £60 payment. The issue for me to determine is whether the evidence supports, on balance, Mr R's version of events or HSBCs.

HSBC provided further evidence to our service after our investigator's view had been issued, this included a debit card activity report for Mr R's debit card. This report shows two transactions were attempted to the named third-party merchant for £60 on 30 November 2024.

The first transaction for £60 was attempted at 2.53pm, this transaction was rejected. The evidence from the report suggests this payment was rejected with a code consistent with 'Authentication Result failure – cvc...'. HSBC has explained this rejection code means it is likely incorrect card details were entered by the customer when attempting to make this payment.

However, there is a further payment made at 2.54pm, a minute later, also for £60 to the same named merchant. The evidence shows this payment was successful. Followed by another successful payment of £50 to the same merchant at 2.56pm, which is not in dispute.

I am therefore provisionally persuaded the evidence supports both Mr R's version of events, and HSBC's. The evidence shows there was a payment for £60, and this payment was rejected, as Mr R has maintained throughout. However, there was a further payment almost immediately afterwards, for the same amount which was not stopped as the details appear to have been entered correctly for this payment.

Listening again to the calls with this in mind, it appears some of the conversations between HSBC and Mr R may have been at cross-purposes, with HSBC discussing the successful transaction, whilst Mr R was concerned about the unsuccessful one.

I therefore do not think HSBC has done anything wrong regarding the payments themselves, the evidence suggests it did reject the payment for the reasons Mr R explained. However, I provisionally think there is some evidence to support Mr R could have been provided with better service during the subsequent calls he made about the payment.

This was a fairly straightforward issue of two transactions, one being successful and one being declined. I provisionally think HSBC could have explained this to Mr R much earlier. I am pleased HSBC has since offered £100 for the distress and inconvenience caused, and I am aware Mr R rejected this offer.

I have considered whether I think the offer is fair and reasonable, having done so, I provisionally think it is in line with what our service would expect in such circumstances for customer service issues. I am provisionally satisfied this was a one-off incident which took a reasonable effort to resolve on Mr R's part. I am also mindful the third party provided Mr R with the £60 credit when he showed it evidence of the transaction, so he wasn't out of pocket for very long.

I am aware this provisional decision is different to the recommendation of our investigator. It contains information not considered in the recommendation; for this reason I have decided to issue a provisional decision to allow both parties the opportunity to respond.

My provisional findings and the parties' responses

HSBC responded accepting my provisional decision.

Mr R also responded. He disagreed there were two transactions attempted for £60, reiterating he only made one transaction and he entered incorrect card details for this

singular transaction. He explained he was disappointed with the £100 for the distress and inconvenience, explaining he didn't think this was consistent with the stress and anxiety this matter had caused him and continued to cause him.

Mr R explained he wanted to wait for the final decision and therefore didn't accept my provisional decision.

I have carefully reconsidered the evidence in line with Mr R's submissions and having done so, I remain of the view the £100 offered for the distress and inconvenience is fair and reasonable in the circumstances, I will explain why.

Much of the ongoing distress and inconvenience Mr R has described in his recent communication is linked to what Mr R has perceived as a lack of security by HSBC. However, I have not found this to be the case. The evidence I have seen suggests a second successful transaction for £60 was made after the failed one. I therefore do not think it reasonable to compensate further for these issues.

I therefore remain of the view the £100 I provisionally decided on in my provisional decision remains fair and reasonable, and in line with what our service would expect in such circumstances.

My final decision

For the reasons I have given, my final decision is I require HSBC UK Bank Plc to pay Mr R £100 for the distress and inconvenience he has experienced.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 April 2025.

Gareth Jones
Ombudsman