



The complaint

Mr and Mrs O complain about the service they received from HSBC UK Bank Plc ("HSBC") when purchasing a car. In particular, they are unhappy in the delays experienced in processing the payment for the purchase and the customer service they received regarding this.

What happened

On 17 March 2025 Mr O made a payment for £7,895 from his joint account with Mrs O to purchase a car. HSBC's systems flagged the payment and sent it for a security/fraud check the same day.

Mr O contacted HSBC about the payment but as HSBC's fraud team had failed to leave any notes on what was happening the agent Mr O spoke to wasn't aware the payment was pending a security check and that questions about the transaction needed answering and so they weren't able to advise on the next steps and insisted that the payment had been made successfully. Mr O was advised to have the beneficiary check the payment from their end.

Following assurances that the payment was being processed and that the vendor of the car would be paid in a couple of hours the vendor agreed for Mr O to take possession of the car.

Despite receiving a SMS confirming that the payment had been made, Mr O then got another stating that the payment had been stopped by the fraud team for review. And despite the assurances HSBC's agent had given the payment didn't go through and the funds were only released the next day following Mr O again chasing HSBC about this and speaking with its fraud department.

Mr O was extremely unhappy with this as he feels his reputation has been damaged and states the vendor was on their way to pick up the car having not received the funds despite HSBC's assurances and SMS messages saying it had.

Mr O raised a complaint with HSBC about this and about the way he was spoken to by HSBC's agents.

HSBC upheld the complaint regarding the service received and compensated Mr and Mrs O £500 for the distress and inconvenience this caused as well as sending feedback to a senior colleague in its Fraud Team.

Mr and Mrs O were dissatisfied with this and so brought their complaint to this service.

One of our investigators looked into Mr and Mrs O's concerns and although HSBC's terms and conditions allow it to stop payments and ask for more information relating to transactions and conduct its security checks and they didn't think the delay was unreasonable, they thought the lack of notes left by the fraud team was poor. But overall, they thought the £500 compensation HSBC had offered was more than fair to settle Mr and Mrs O's complaint.

Mr O disagreed. He says HSBC put him at risk of having the vehicle recovered and failed to uphold its own assurances regarding the timeline in which the payment would be made. Mr O isn't convinced that HSBC tried to contact him and says the delays and having to chase HSBC and take the morning off work caused significant disruption and has asked for an ombudsman's decision on the matter.

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 hope that Mr and Mrs O won't take it as a discourtesy that I've condensed this complaint in the way that I have. The material facts are known by both parties and so I don't see the merit in repeating them here. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of this complaint is about the service received by HSBC in the processing of a payment from Mr and Mrs O's joint account to purchase a vehicle.

My role is to look at problems that a consumer has experienced and see if the business has done anything wrong or treated them unfairly. If it has, we seek to put the consumer back in the position they would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

Mr O is unhappy about the service he received from HSBC when it flagged a payment for a security/fraud check when he was purchasing a car.

It might be helpful for me to say here that, I don't have the power to tell HSBC how it needs to run its business and I can't make HSBC change its systems or processes – such as how or when payments are processed or held for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures HSBC needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place – in this case carrying out checks on outgoing payments that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Mr O understands this is needed not only to protect businesses against criminal activity, but also their customers.

It is clear to me how frustrating this matter has been for Mr O and I sympathise. Mr O was purchasing a car from a reputable dealer and from his perspective this should've been a straightforward transaction. But the transaction was for a not insignificant amount of money and to purchase a car – the type of purchase where fraud is increasingly common. And so in the circumstances I don't think it unreasonable that HSBC systems flagged the payment for further checks and as part of its processes put a hold on the payment so it could carry out these checks and ensure the payment was legitimate.

And usually in cases such as this following security checks being carried out by HSBC's fraud department the payment can be processed with little delay following the customer answering some questions. But unfortunately, in this case HSBC say it wasn't able to make contact with Mr O and so the payment was stopped.

And here is where I agree the service Mr O received wasn't good enough. HSBC's fraud department failed to record notes about what was happening which resulted in Mr O being wrongly advised and assured that the payment was being processed imminently.

Furthermore, Mr O received conflicting messages about the status of the payment had to chase HSBC to find out what was happening and that it was only after this the payment was processed.

This is not disputed. Indeed, HSBC have accepted its service wasn't good enough, have provided feedback to the relevant team and have compensated Mr and Mrs O £500 for the distress and inconvenience this caused.

So all I have to decide is whether I think this is enough to put things right for Mr and Mrs O. And I think it is.

I appreciate that Mr O is concerned he was put at risk of having the vehicle recovered and he feels his reputation has been damaged due to the false assurances HSBC's agent provided to the vendor and that having to chase HSBC on this was inconvenient and embarrassing. But Mr O was able to take ownership of the car, it wasn't repossessed and as far as I'm aware Mr O nor Mrs O have suffered financially as a result of HSBC's mistakes. And nor do I think the agents Mr O had conversations with were unprofessional or spoke out of term.

When assessing reasonable compensation, we look at the actual impact caused to the customer by any errors made not what might have happened. And it is not our role to penalise or punish businesses for this – that is the role of the regulator. So on this basis I think the £500 compensation HSBC have paid is fair and a significant amount for the actual impact HSBC's error caused. And as such I'm not persuaded any uplift of compensation is warranted and so I'm not going to ask HSBC do anything more.

My final decision

For the reasons I've explained, I've decided what HSBC UK Bank Plc have already done to settle Mr and Mrs O's complaint is fair and I'm not going to ask it do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O and Mr O to accept or reject my decision before 9 October 2025.

Caroline Davies
Ombudsman