

The complaint

Mr W complains about the service he received from HSBC UK Bank Plc trading as first direct.

Mr W wants first direct to pay more compensation than it has offered so far.

What happened

Mr W took out a loan with first direct to buy a vehicle from a private seller. Mr W tried to transfer money from his first direct current account to the seller but after setting the seller up as a new payee, first direct selected the transaction for a fraud check.

Mr W was unhappy he was left waiting for a call from first direct to complete the fraud check. Mr W says this was embarrassing and took up a large part of his day. Mr W wants first direct to pay significantly more compensation than it has offered, together with an apology and confirmation it has changed the way it carries out standard fraud checks.

Our investigator didn't think it unreasonable for first direct to have carried out additional checks, given the large amount of the transfer and the fact it was a new payee. Our investigator thought first direct's offer to pay £75 was fair.

Mr W disagrees with the investigation outcome saying that he thought our investigator had only focussed on certain aspects rather than the entire complaint. Mr W says his main issue is that he had to wait for an outbound call from first direct.

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 realise that I have summarised this complaint in less detail than the parties and that I have done so using my own words. The rules that we must follow allow me to do so, but this does not mean I have not considered everything that both parties have given to us.

I appreciate that Mr W found it embarrassing and time consuming to have to wait for the money transfer to be approved by an outbound call from first direct's fraud team. However, I can't reasonably find that first direct made a mistake when it held the transfer up for fraud checks – particularly as Mr W had not paid the person before.

The evidence that first direct has provided shows that Mr W set the payment up at about 1:11pm. The fraud detection team tried to call Mr W at 1:26pm but could not get through as he was on another call. The fraud detection team successfully called Mr W at around 2:36pm, after which time the payment was released. Based on this evidence, first direct initially tried to contact Mr W 15 minutes after he set the payment up. It's unfortunate that Mr W was on another call at this time but I don't think this was due to any mistake by first direct which says that fraud calls need to be conducted by outbound rather than incoming calls.

I don't want to in any way seek to diminish the upset and concern felt by Mr W when waiting

for the check to be conducted. But first direct has to take steps to protect customers from fraud and scams. And it is not the role of the Financial Ombudsman Service to tell a business how it should manage its security procedure.

Although there was then a delay between first direct releasing the funds and the money arriving in the seller's account, I don't have enough evidence to conclude that this was due to a mistake by first direct. Faster payments will usually be made available immediately or within a few minutes but they can, on occasion, take up to two hours to show as available in the recipient's account. Particularly if the money is moving between different banks – as was the case with Mr W.

I agree that the circumstances behind Mr W's attempt to make the payment meant there was a time pressure on him and that he ended up contacting first direct more than he otherwise would have. For this inconvenience, first direct offered £75 compensation. As I don't find first direct made a mistake by conducting checks through an outbound call, in line with its fraud prevention procedure, I don't consider it fair to require it to increase the compensation payment. I am sorry that this is likely to disappoint Mr W.

My final decision

I think first direct has already made an offer which I consider to be fair. So, my final decision is that, if it has not already done so, HSBC UK Bank Plc trading as first direct should pay Mr W £75.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 8 February 2024.

Gemma Bowen
Ombudsman