

## **The complaint**

Mr and Mrs C complain that HSBC UK Bank Plc gave them misleading advice in branch concerning the protection they had making a payment by bank transfer to a builder, rather than by other methods of payment.

## **What happened**

Mr and Mrs C employed a builder to carry out extensive work to their house. Mr C went into his local branch of HSBC to ask what the best method of paying the builder was, so at least you would have some security and a paper trail. The cashier replied that payment by credit card was the best method. Mr C explained that the builder did not have the facility to take payment by credit card and he was advised to carry out the payment by bank transfer because he would then have a paper trail.

Mr and Mrs C made the first payment online. This was initially blocked by HSBC so that it could be sure that it was a genuine payment. After a long phone call with Mrs C when the possibility of fraud was fully explained to her, HSBC unblocked the account and allowed the payment to go through. Mr and Mrs C subsequently made several other payments, in total they transferred £24,000. They spent several weeks out of the house in hotels, on holiday etc in the expectation that the work would be completed. However it transpired that all the work was substandard and the building inspector would not sign off the work. They had to obtain an equity release mortgage for a substantial sum to remedy the work the builder had done badly.

Mr and Mrs C had obtained the builder's details from an online referral agency and they believed he had received a number of five star reviews. These turned out to be fake, but under its terms the referral agency could only pay £1,000.

Mr and Mrs C made a complaint to HSBC as they believed it had given them misleading advice concerning the protection that an online transfer would give them.

HSBC explained that it couldn't help them as online transfers don't offer protection against claims of poor workmanship. The payment wouldn't be regarded as fraudulent because the builder had carried out a service. It said that it was a civil dispute matter. It did however pay Mr and Mrs C £100 for the distress caused to them.

On referral to the Financial Ombudsman Service, our Investigator said that he thought that the £100 was a reasonable payment to make, as there was no evidence that HSBC had told Mr and Mrs C that their transfers would be protected.

Mr and Mrs C did not agree, and the matter has been passed to me for further consideration.

## **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.

First of all I have to bear in mind that we don't know exactly what was said when Mr C visited the bank, notably what particular questions he asked. I note however that he agrees that the bank cashier told him that the best way of paying the builder was by credit card. I note that he explained that the builder wouldn't have taken payment by credit card. I also think that the lack of protection for paying by bank transfer rather than by credit card was not gone into at the time.

I have listened to the subsequent telephone calls that Mrs C made to the bank. The first call was made to get the first online payment released. What I have noted about this call is that HSBC's adviser went into some detail about the possibility of a fraud. More specifically she said that the person asking for the payment will ask specifically for them to make a bank transfer rather than alternative methods of payment like debit cards, credit cards or an online payment service. She said that the use of a debit or credit card would provide more protection against fraud and that Mr and Mrs C should only pay by bank transfer if they were 100% sure that the goods or service was genuine.

I'm aware that it is easy to be wise after the event, and Mr and Mrs C genuinely believed the builder would give them a good service particularly because of his credentials on the online referral service. But while HSBC could have explained in the branch more explicitly that a bank transfer would not give the same protection as a credit card, I don't think that the cashier in the branch said that a bank transfer would give them protection. And I do think that in the subsequent telephone call it was made clear that payment by bank transfer did not offer the same protection as payment by debit or credit card or through an online payment service.

I am really sorry that Mr and Mrs C have suffered through using a rogue builder. But I've noted that the builder had persuaded them that he would give them a first class service. So, I can't say that it was likely that had Mr and Mrs C been fully aware of the different protection that using a debit/credit card or an online payment service would give them, they would, at the outset have taken any different steps to make the payments.

Taking all that into account, I do think that the payment of £100 made by HSBC was appropriate, and fair and reasonable in the circumstances of the case.

### **My final decision**

As I think that HSBC has made an appropriate payment in respect of Mr and Mrs C's complaint, I won't require it to take any further action.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs C to accept or reject my decision before 7 December 2023.

Ray Lawley  
**Ombudsman**