

The complaint

Mrs H complains that a payment she made for the purchase of a car was highlighted for extra security checks. Mrs H is unhappy with the way she was spoken to by an agent of HSBC UK Bank Plc ("HSBC") and that the payment was reversed.

What happened

Mrs H made a payment of £2,200 for a car purchase. This was flagged by HSBC's fraud detection system and Mrs H received a phone call from HSBC. Mrs H didn't believe the call to be genuine and so refused to provide her details. Mrs H was advised to contact HSBC using a known number.

Mrs H contacted HSBC and spoke to an agent who asked her if she'd authorised the payment in question to which Mrs H confirmed she did. The agent asked a number of other questions about the car and asked Mrs H to verify the number plate. Mrs H couldn't recall this information and the agent asked her to call her son to confirm this information. Despite Mrs H being unhappy with this she called her son to verify the number plate and model of the car.

The agent asked further questions about the purchase including why Mrs H didn't transfer the money to her daughter directly and Mrs H went on to explain details about personal relationships. Mrs H says she felt like she was being interrogated and that the questions were irrelevant and the agent wasn't listening to her. Because Mrs H was unhappy with the questions the agent said she could go into a branch. By this point Mrs H was frustrated and angry and the agent concluded that the payment would be reversed to which Mrs H agreed and put the phone down.

Mrs H complained to HSBC about this. HSBC agreed that the agent should've authorised the payment and provided feedback to the agent's manager. To settle the complaint HSBC offered Mrs H £250 compensation for the stress and inconvenience caused.

Mrs H felt further compensation was due and brought her complaint to this service. One of our adjudicators looked into Mrs H's concerns and agreed that some of HSBC's questions were unnecessary but thought that the £250 was a fair way to settle the complaint especially considering this was more than the £200 compensation Mrs H had originally asked for.

Mrs H was dis-satisfied with this and asked for an ombudsman's decision.

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.

Having considered everything provided, I've decided not to uphold Mrs H's complaint.

It might be helpful for me to say here that, as we are not the regulator, I cannot make the bank change its systems or processes – such as how security checks are carried out on customer transactions. Ultimately, how a bank runs its business and the processes it has in place to alleviate risk is a commercial decision and isn't something for me to get involved with. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at the problems Mrs H has experienced and see if HSBC has done anything wrong or treated Mrs H unfairly. If it has, I would seek – if possible - to put Mrs H back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

And while I wouldn't tell a business how or what security systems to put in place to check for fraudulent activity – I would expect it to put safeguards in place to protect it and its customers from such activity.

I accept Mrs H was inconvenienced by the extra security measures HSBC wished to take but ultimately this extra security is for Mrs H's protection and I think having Mrs H answer a few questions about a higher value purchase is a perfectly fair and reasonable way to safeguard both HSBC and Mrs H's interests. So I can't say HSBC has done anything wrong when it flagged the purchase for an extra security check.

HSBC has already agreed that its agent did something wrong in carrying out the process and shouldn't have reversed the payment. So I don't think I need to make a finding here. What I need to consider is whether the £250 compensation paid to Mrs H for the distress and inconvenience experienced is enough.

I think Mrs H would probably accept that security checks at times are a necessary part of banking securely. But that on this occasion the checks went too far which caused her some inconvenience.

I also appreciate how frustrated Mrs H is about all of this. But things don't always go smoothly and our role isn't to penalise or punish a business when a business makes a mistake – rather it is to try and put the consumer in back in the position they would've been in if the mistakes had not have happened.

Mrs H was able to still purchase the car – albeit not in the way she expected or how she'd have liked. So besides the inconvenience caused to Mrs H in having the payment reversed - as far as I'm aware – no other direct financial losses have resulted from this. So on this basis, I think the £250 in total already paid to Mrs H is fair compensation in the circumstances.

So it follows that I'm not going to ask HSBC to do anything more.

My final decision

For the reasons I've explained I think what HSBC UK Bank Plc has already done is a fair way to settle Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 20 October 2023.

Caroline Davies
Ombudsman