

The complaint

Mr and Mrs S complain about the way that HSBC UK Bank Plc dealt with their attempts to make a payment from their account.

What happened

Mr and Mrs S hold a joint bank account with HSBC. On 23 December 2023, Mrs S tried to make a payment using her HSBC credit card. The transaction was declined as it exceeded the single transaction limit on Mrs S's account.

Mrs S then tried to send the payment to a third party remittance service via open banking. HSBC flagged the transaction as potentially fraudulent and tried to contact Mrs S.

Mrs S used the online chat function to discuss the payment but during the chat HSBC did not tell her about the fraud flag. HSBC told Mrs S about the fraud flag the next day. Mrs S complained on 25 December 2023 that the payment had still not arrived with the beneficiary.

Mrs S was very unhappy as she needed the payment to go through to pay for surgery overseas. HSBC offered Mrs S £100 to apologise. Mrs S says this doesn't go far enough to make up for the stress caused to her and her family.

Our investigator didn't uphold Mrs S's complaint. He agreed that HSBC should have told Mrs S about the fraud flag during the live chat session on 23 December 2023 but thought its' offer to pay £100 compensation was fair. Our investigator explained that HSBC's fraud detection processes are there to help protect customers. And that once the transaction was confirmed to be genuine, HSBC promptly processed the payment.

Mrs S disagrees with the investigation outcome. Mrs S says the failed payment caused distress not only to her, but to her family. Mrs S says she was having a major operation making it difficult to speak so she used live chat. Mrs S says the experience gave her panic attacks and caused acute embarrassment. Mrs S says the problem could have been avoided had the initial advisor given her the correct information about the fraud block.

Our investigator sympathised but said that payments being made outside of the UK was not a regular occurrence on Mrs S's account, so he could see why HSBC flagged the transaction.

As Mrs S remains unhappy with the investigation outcome, the complaint has come to me to make a final 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.

I appreciate 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 govern the Financial Ombudsman allow me to take this approach, but it doesn't mean I have not considered everything that both

parties have given to us.

I have read the transcripts of the chat history on 23 and 24 December 2023. On 23 December 2023, Mrs S tried to make the payment using her credit card. The online chat advisor correctly told her that the transaction exceeded the single account transaction limit on her account. I can't see that HSBC had made a mistake at this point which would warrant an award of compensation. HSBC suggested that Mrs S split the payment into two separate payments. This seems a reasonable suggestion – again, I don't consider HSBC was at fault for the way it handled the transaction involving Mrs S's credit card.

Mrs S then tried to make the payment to the remittance service via open banking. HSBC flagged the transaction for fraud checks and tried to contact Mrs S without success. The terms of Mr and Mrs S's bank account allow HSBC to refuse to make a payment if it reasonably believes there is fraudulent activity or if the customer has not given HSBC extra information about the payment that it has reasonably asked for. I can't see that Mrs S had made a similar payment to the remittance service in the months prior and she was also attempting to make the transaction overseas. So, I don't think HSBC acted unreasonably when it stopped the payment for further check and then declined to process it without this information.

I agree with our investigator that it was unfortunate that HSBC didn't tell Mrs S about the fraud block during the later online chat she had on 23 December 2023. Mrs S says she was left in a state of panic over the payment as it had not arrived with the third party despite HSBC telling her that it had been sent. However, I take account of the fact that HSBC also tried to contact Mrs S by phone about the payment on 23 December 2023 without success. And that it also sent a text message asking her to contact the fraud team. So, I can't see that HSBC failed to try and notify Mrs S about the block – although I appreciate that her personal circumstances at the time may have meant she didn't receive the notifications from HSBC.

I also note from reading the chat transcript on 23 December 2023 that although Mrs S mentioned she was unwell; she didn't tell HSBC that the payment was for urgently needed for her surgery. So, I'm not persuaded that HSBC was aware of the gravity of the situation at this point.

Once HSBC told Mrs S about the fraud block during the online chat on 24 December 2023, I can see that it tried to help her by asking the relevant team to call back but also told her that she should contact the fraud team herself. HSBC does not have a record of either Mr S or Mrs S calling back on the same day. I am also satisfied that HSBC's fraud team tried to contact Mr and Mrs S without success. So, I'm not persuaded that HSBC made a mistake in the way it handled things on 24 December 2023.

I don't want to downplay the upset and stress caused to Mrs S, but HSBC was following its security procedures when it flagged the transactions for further checks. These checks can sometimes lead to delays and inconvenience but they are there to protect customers. And I can see that once HSBC's payment fraud team was able to confirm the transaction was genuine during a call on 25 December 2023, it promptly released the payment.

As I've said above, I agree it would have been better if HSBC had told Mrs S about the fraud flag during the online chat. For this failing, I think £100 was a reasonable apology. I appreciate Mrs S would like HSBC to pay more than this but given what I have said about HSBC's overall fair handling of the payment attempts, I'm not persuaded that an increased award of compensation is justified.

My final decision

My final decision is that I don't uphold this complaint in the sense that I think HSBC has already done enough to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mrs S to accept or reject my decision before 3 May 2024.

Gemma Bowen
Ombudsman