

The complaint

Mr D complains that HSBC UK Bank Plc asked too many security questions in relation to a transaction that HSBC had flagged as suspicious. This led to his account being blocked which caused him inconvenience. He is also unhappy that HSBC did not initially admit to making a mistake once he complained about the matter.

What happened

On 20 March 2023, Mr D attempted to make a payment via mobile banking. HSBC flagged this payment for further checks. The HSBC fraud team called Mr D and attempted to verify him. Mr D was asked 8 questions, three of which Mr D was unable to answer correctly. This led to Mr D's account being blocked. Mr D was told during this call that he would have to visit a branch to get his account unlocked.

The following day - 21 March 2023 - a member of staff known to Mr D was incorrectly told over the phone that Mr D could unlock his account by calling HSBC's fraud team, when in fact he still had to visit a branch. After a few more calls, the account was unlocked on 23 March 2023.

Mr D raised a complaint about this matter and in response HSBC declined his complaint. Whilst this complaint was at this service, HSBC reinvestigated this matter and made an offer of £100 to reflect the inconvenience caused by the error in the call of the 21 March 2023.

One of investigators looked into this matter. She concluded that the offer was reasonable.

Mr D did not agree. He highlighted that he was in hospital at the time as his son was having an operation and the additional stress caused by this issue merits an increased award of compensation.

Given this the complaint has been passed to me to issue 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.

In this instance there are two main things to consider. Did HSBC correctly block Mr D's account and the service Mr D received during the unblocking procedure.

In relation to the block being applied, banks are supposed to monitor accounts for unusual payments to prevent fraud. So I can't say that HSBC should not have intervened in relation to the payment in question.

I am also satisfied that Mr D was not able to answer a number of security questions. So I don't think it unreasonable for HSBC to block Mr D's account - especially given the large increase in scams over the last few years.

I note Mr D's comments that the number of questions asked was not appropriate. But I don't think the amount was unreasonable, given that Mr D was not able to answer a number of the questions asked. So overall, I don't think it unreasonable that a block was applied to Mr D's account.

Both parties agree that the unblocking could have been carried out better. I have listened to the calls in question and I am satisfied that during the call on 21 March 2023 the member of staff who was calling HSBC on Mr D's behalf did say that Mr D could call the fraud department to unlock Mr D's account. It was not made clear that Mr D would still have to attend a branch to unlock his account.

I am satisfied that this would have caused Mr D distress. Deciding on awards for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. But having considered everything including Mr D's situation at the time I am satisfied that £100 is a reasonable offer, given the relatively minor error that occurred. So I am unable to reasonably ask HSBC to make an increased award of compensation.

Finally, I note that Mr D is unhappy that HSBC did not initially admit during the complaints process that it made a mistake. In relation to the service received during the complaint handling process, I should explain that the rules which apply to all complaints referred to us are called the Dispute Resolution rules and rule 2.3 (found at the website: fshandbook.info/FS/html/handbook/DISP/2/3) sets out which activities fall within our remit.

I have looked at these activities and complaint handling is not one that is listed and therefore it is not something this service can look at. I understand that Mr D will be frustrated by this as he clearly feels very strongly that his complaint was not handled well by HSBC. But due to the rules by which I am bound, I am unable to look into this part of Mr D's complaint.

Overall, and having considered everything, I am satisfied that the offer that HSBC has made is reasonable.

My final decision

My final decision is that I uphold this complaint and HSBC UK Bank Plc should pay Mr D £100 compensation in total for this matter, if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 21 September 2023.

Charlie Newton
Ombudsman