

The complaint

Mr K complains that HSBC UK Bank Plc didn't process an international payment he wanted to make and provided him with poor service.

What happened

Mr K has an account with HSBC. In April 2022, Mr K wanted to make an international payment of just under £3,000, from his account via online banking to his father who lives overseas. Mr K has explained that his father relies on him for financial support to help cover his living expenses.

Mr K says before making the payment he rung HSBC to check that there wouldn't be any problems with the money reaching his father's account. Mr K says that HSBC told him that there wouldn't be any issues with him making the payment. So, on 8 April 2022, Mr K proceeded to make the payment from his account. However, on 12 April 2022, HSBC blocked the payment to complete compliance checks in order to comply with its legal and regulatory obligations. HSBC rejected the payment on 22 April 2022.

Mr K noticed that the payment hadn't debited his account and contacted HSBC to try and find out what was happening. Between 12 April and 14 April 2022 Mr K had several conversations with HSBC about the payment. HSBC told him that payment was being reviewed and couldn't give him a timeframe about when the payment would be released. HSBC did tell Mr K that the payment was stopped due to the destination country being subject to sanctions.

Mr K continued to call HSBC between 21 April and 5 May 2022, during these calls HSBC told Mr K that the payment had been stopped by its compliance team in order to comply with its policies. Mr K wasn't happy with this explanation and complained to HSBC. In response HSBC said it should have told Mr K sooner that his payment had been rejected and took too long to complete its compliance checks. HSBC apologised and offered Mr K £75 compensation for the trouble and upset this had caused him.

Mr K wasn't happy with HSBC's response and brought his complaint to our service. He said HSBC told him there wouldn't be any issue with making the payment. He wants to know the reasons why the bank didn't process it. And said it took the bank far too long to complete its checks and tell him his payment was rejected.

One of our investigators looked into Mr K's complaint. She said that HSBC hadn't done anything wrong when it stopped Mr K's payment so that it could complete compliance checks. She also said that HSBC hadn't treated him unfairly when it didn't provide him with an explanation for not processing his payment. However, she said that HSBC had taken too long to complete its checks. She thought HSBC's offer of compensation for the trouble and upset the delays caused Mr K was fair. Mr K disagreed. He wants to know why HSBC stopped his payment.

As no agreement could be reached the matter has come to me to decide.

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.

Firstly, I want to acknowledge that I understand why Mr K is frustrated that he wasn't able to make the payment to his father, especially as he's explained to us that his parents rely on his financial support for everyday living expenses. So, I can understand the payment was important to him.

Firstly, HSBC has important legal and regulatory obligations it must meet when providing accounts to customers, which includes ensuring no UK or other international sanctions might be breached. Those obligations are overriding in terms of otherwise meeting general timeframes for payments to process, which means sometimes legitimate payments are sometimes delayed.

In Mr K's case, a payment he made was flagged for compliance checks. I've looked at the evidence and having done so I'm satisfied that the payment Mr K wanted to make went through internal checks so that HSBC could satisfy its legal and regulatory obligations. The terms and conditions of Mr K's account also provide for HSBC to stop payments and carry out additional checks. Specifically, section 13 sets out the reasons why a payment may not be able to be made by the bank – *the payment would cause us to break the law. Or to do it would go against a regulation or code we follow, a court order or other duty or requirement. The payment could mean we face criticism from any government, regulator, or law enforcement agency.* So, I'm satisfied that HSBC's rejection of Mr K's payment was reasonable and in line with the account terms.

Mr K says he called HSBC before making the payment to check that there wouldn't be any problems. Unfortunately, HSBC hasn't been able to provide this service with a recording of this call, but if true it must have been confusing for Mr K when he wasn't then able to make his payment. HSBC have provided recordings of other conversations it had with Mr K, based on the timeline and listening to them, I'm satisfied that the bank should have told Mr K much sooner than it did that his payment had been rejected. Looking at the timeline I agree with the investigator that the bank should have let Mr K know by 22 April 2022, especially as Mr K called the bank to chase things up. But HSBC didn't let Mr K know until 28 April 2022, when it sent him a letter. This meant Mr K was put to the trouble of making further calls to the bank in an effort to find out what was happening to his payment.

HSBC has accepted it should have provided Mr K with better service and offered him £75 compensation for any trouble and upset it caused by not telling him sooner that his payment wasn't going to be completed. And by taking too long to complete its checks. I'm satisfied that this is a fair and reasonable way to resolve to resolve this aspect of Mr K's complaint. And I'm not going to ask HSBC to do anything further.

Finally, Mr K wants HSBC to explain the reason it blocked and rejected his payment. But HSBC doesn't disclose to its customers what triggers a review of their accounts. It's under no obligation to tell Mr K the reasons, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr K this information. And it wouldn't be appropriate for me to require it to do so. However, having listened to the calls of the conversations, Mr K had with HSBC I'm satisfied that, HSBC did provide him with some information about why it had stopped the payment, albeit Mr K disagreed with what HSBC told him. So I think Mr K had some idea of why his payment wasn't able to be completed.

In summary, I recognise how strongly Mr K feels about what's happened. But Mr K wanted to

make a payment to a country subject to sanctions. HSBC haven't acted incorrectly in completing compliance checks and rejecting the payment. However, HSBC took too long to do so, and should have told Mr K sooner than it did that his payment had been rejected. I'm satisfied that HSBC have done enough to put things right, so I won't be asking them to do anything further.

My final decision

For the reason's I've explained, my final decision is that I am not going to direct HSBC UK Bank Plc to do anything more to resolve Mr K's complaint.

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

Sharon Kerrison
Ombudsman