

The complaint

Mr M complains about HSBC UK Bank Plc's security checks when he made multiple payments.

What happened

In late October 2023, Mr M visited an HSBC branch and communicated his intention to make four large payments at the beginning of November to a savings account he holds with Bank A.

Mr M's main complaint is that, despite informing HSBC of his intention and each payment going to the same recognised account in his name, he was required to go through frustrating and timely security checks for each transaction.

Mr M considers this to be illogical, inefficient and unfair. He feels he was harassed, brainwashed into believing he was a victim of a scam and thinks HSBC should have a better more intelligent security system.

Mr M also complains about HSBC's response to his complaint as he feels it is inaccurate, defends their system and contains a contradiction.

Mr M complained to HSBC. In their response HSBC explained the necessity of their security checks and said:

- a) They hadn't made an error handling his payments.
- b) They provide a disclaimer at the time payments are made which explains they are subject to fraud checks and there is no guarantee that they will be released immediately.
- c) There is no way to pre-approve customer-initiated payments as there isn't an advanced way of knowing whether a payment will be held for further checks.
- d) That although his notification was noted on their system, it has no bearing on their fraud detection system.

However, HSBC apologised if point d wasn't clearly explained. Also, as a call was disconnected and this was likely to be due to a technical issue, they credited his account with £50.

Mr M was dissatisfied that HSBC hadn't recognised the distress and anxiety their system had caused him, and he brought his complaint to our service. Our investigator partially upheld Mr M's complaint and said HSBC should increase the amount of compensation to £100. This is because the HSBC branch should've set Mr M's expectations regarding the potential of fraud checks being required. Also, an SMS message was rejected by Mr M's phone provider because HSBC hadn't included the number 0 at the start of his mobile number.

Mr M though remains dissatisfied so this complaint has been referred to me to look at.

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 done so, I'm also partially upholding this complaint and I will explain how I've come to my decision.

I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points Mr M has made, even though I don't specifically address them all.

HSBC have legal and regulatory responsibilities and are required to protect their customers from fraud and scams. As we aren't the regulator of financial services and HSBC are entitled to design their policies, procedures and systems, I can't tell HSBC to make modifications to these. However, I looked closely at Mr M's argument, to see if HSBC treated him fairly and reasonably.

Mr M's argument is that HSBC's procedures and system are inefficient, illogical and inconsistent. And I looked closely at his reasoning which includes the following:

- He wouldn't need to be bothered four times if HSBC had a higher £80,000 limit
- Additional fraud checks weren't necessary as the transactions were for an 'existing beneficiary, which had proven, previous successful security'
- Similar large consecutive transactions conducted in 2024 didn't trigger any fraud checks
- The checks shouldn't query salary payments

Having done so, although I understand Mr M's argument and recognise his frustration, annoyance and distress, I'm satisfied HSBC were acting in his best interests and were fair and reasonable here. This is because:

- Online transactions are highly susceptible to fraud and scams and HSBC have both a requirement and responsibility to protect their customers from such a risk and themselves from any claims they haven't been diligent.
- HSBC advise all online customers that both limits and security checks apply. They also include a disclaimer at the time payments are made that they are subject to fraud checks and there is no guarantee that they will be released immediately.
- Although a limit of more than £25,000 would be much more convenient for customers, it would increase the risk exposure to both the customer and bank.
- Banks payment systems have a requirement to constantly assess both intelligence and risk. Although it isn't possible for me to know its logic or the range of factors it considers, I think it more likely than not that a combination of factors assessed Mr M's transactions as a risk. I say this because Mr M completed a large credit followed by several maximum limit payments.
- Although funds were going to the same account and one was recently approved by HSBC, I'm satisfied that HSBC's intelligence (feeding into the system logic) includes scams where customers are persuaded to open an account elsewhere where a scammer has control and / or influence within limit payments.
- HSBC have explained that they can't assume information, such as a payment is received from a salary, and they need to ask questions to find out the information. And they ask open questions to find out as much information on the reasoning around the payments to ensure they are genuine and create a conversation around the situation leading to the payment to identify and prevent complex scams.

I appreciate that despite Mr M mentioning his transaction plans to HSBC branch staff, they can't predict either single or multiple system checks. However, although I appreciate HSBC can't reasonably be expected to pre-approve transactions or predict system checks, as Mr M thought he had mitigated the checking requirement I also think it likely there was a lack of clarity here.

Regarding Mr M's point about HSBC not releasing his payments without contact, although this wasn't by SMS, I'm satisfied that they did make contact with Mr M, So I can't see they've been dishonest or inconsistent here.

However, as mentioned by our investigator there appears to have been a phone number error that prevented the SMS, and as this has added to Mr M's frustration, I'm pleased to see HSBC have agreed to pay an additional £50 compensation.

So, having considered the above and all the information on file, whilst I understand Mr M's upset and trouble here, I think HSBC's security checks were fair and reasonable. I do though agree that the level of service could've been better when he visited the branch and with regard to the SMS messaging, so I'm partially upholding this complaint. And I require HSBC to pay Mr M £100 compensation less any amounts already paid.

My final decision

My final decision is that I partially uphold this complaint and I require HSBC UK Bank Plc to:

- Pay Mr M £100 compensation less any amounts already paid

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 April 2024.

Paul Douglas
Ombudsman