

Ombudsman Decision**CIFO Reference Number: 23-000280****Complainant: Mr H****Respondent: HSBC Bank Plc, Jersey Branch**

The Complainant, whom I shall refer to as Mr H, complained that he was unable to make a time critical payment to his broker to meet a margin call using his debit card. When he reported this to HSBC, they failed to arrange a return call to identify and solve the problem. As a result, he says he suffered financial loss and considerable stress.

Background

On 17 October 2022 Mr H tried to make a payment of £10,000 to his broker, through their website, using his debit card. The payment would not go through and showed as cancelled. He then tried to make the payment in smaller amounts of £5,000, but the same thing happened. Mr H said he then tried to make the payment via online banking, even though this would have been detrimental due to clearing time, but he got an error code. The payment was to meet a margin call on Mr H's Euro account which was trading USD and CHF and, as such, was time critical.

Mr H telephoned HSBC for assistance, but the call handler could not see what the issue was and said he would arrange for a call back. The call back did not happen and he was unable to meet the margin call.

HSBC said that it had not stopped or cancelled the payment and was not responsible for the loss. It did however identify that service issues had arisen and offered Mr H £500 for the distress and inconvenience caused.

Mr H did not accept HSBC's response and made a complaint to CIFO.

¹ Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

The Adjudicator did not recommend that the complaint be upheld. She said that the payment had been stopped by the broker's payment services provider and, as such, HSBC was not responsible for the loss. Further, she considered that the offer of £500 by HSBC for the service issues encountered was sufficient.

Mr H did not accept the Adjudicator's recommendation and requested that I review his complaint and issue a Final Decision.

Subsequent Submissions

Mr H said the service issues were substantial and submitted:

- When his attempt to make the payment online failed, he was told by an HSBC representative that his account needed a re-sync. This information was subsequently shown to be incorrect and was not addressed within a suitable timeframe.
- The call handler with whom he spoke about the debit card payment did not arrange a call back as promised.
- Whilst HSBC had been shown not to be responsible for his payment being stopped, the lack of information provided to him did not signpost the issue as being with the beneficiary side of the payment and he was therefore unaware of the need to contact his broker to try and arrange payment through another payment method.

HSBC said, typically, 2 to 5 days' notice are given to meet a margin call. Whilst the bank acknowledges that Mr H was informed that someone would return his call, given the urgency of a margin call, it would have been reasonable for Mr H to have proactively reached out to his broker.

HSBC increased its offer to £750, but Mr H rejected the offer.

Findings

I have considered the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint. Where necessary or appropriate, I reach my conclusions on the balance of probabilities; that is, what I consider is most likely to have

happened, in light of the evidence that is available and the wider surrounding circumstances.

The first point that I want to address is that the Adjudicator was able to obtain evidence from the broker that the payment had been stopped by their payment services provider due to their own risk policy, but the broker said it had a range of other payment gateways that could be used.

CIFO listened to the call of 17 October 2023 between Mr H and HSBC.

Mr H asked to speak with his Relationship Manager (RM). He explained that he was trying to transfer money using his debit card but when he input all the payment details online, it was showing as cancelled and the payment was urgent. The call handler confirmed that the card had not been locked due to an incorrect PIN and had not been blocked by the fraud team. He also said that sometimes through certain websites a customer would have to call if the payment is too high and you would be able to get 7 days' unlimited payment if you call. Mr H asked for the payment to be released and for the unlimited transfer to be activated "now" but the call handler said that a payment specialist would need to do that. When Mr H explained that the payment was for online trading and investments, the call handler then said he would need to speak to his RM. On checking, the call handler told Mr H that the RM was unavailable that day and, when Mr H referred to a potential loss of £96,000 if the transfer didn't happen the same day, the call handler said he would message the RM's manager for a call back. Following further discussion, the call handler said that he thought the problem was a digital issue and would arrange for a member of the digital team to call him back. Mr H again mentioned that £96,000 was at risk and needed an urgent call back.

I am satisfied that the urgency and reason for the payment was clearly stated. Mr H waited by the phone for the call back all day and through the night until 10.05 on 18 October when all the trades had been forcibly stopped out and closed by his broker due to the margin call not having been met.

When Mr H complained to HSBC, their response said:

"It was incorrect for the call handler to say that the RM would be able to activate an unlimited payment as limits are set by Verified by Visa."

Merchants often decline payments that are above their 'floor limit' and the payment was likely declined by the merchant or Verified by Visa."

Mr H said that he had no confidence in HSBC's response as he knew there was no issue with the broker's "floor limit" as he had made similar payments previously.

During the course of the Adjudicator's investigation, HSBC produced extracts from their systems to demonstrate that they had not stopped the payment and subsequently explained that HSBC processes transactions that are forwarded to them through VisaNet and provided copy correspondence from Visa confirming that they had no record of the cancelled payment. The bank says this indicated the payment did not reach Visa and therefore must have been stopped by the beneficiary or their acquirer, i.e. their payment services provider. Had this information been obtained and provided to Mr H promptly, he would have had the opportunity to contact his broker to discuss using another payment gateway.

I find that HSBC was not responsible for stopping the payment and therefore not responsible for Mr Harding being unable to meet the margin call. On that basis it is not appropriate for HSBC to reimburse the consequential loss suffered by Mr Harding. As such I do not uphold that part of the complaint.

I find that HSBC's service fell short of what could reasonably have been expected. It did not investigate the reason for the payment being stopped or call Mr H back with any information that would assist him.

Further I find that, during HSBC's investigation of Mr H's complaint, it could have done more to assist him by identifying and providing the information from Visa that ultimately led to identification of where the payment had been stopped.

Mr H's reference to being given wrong information about the error with his internet banking did not form part of his complaint to HSBC and as such has not been investigated, but may form part of a separate complaint should Mr H wish to pursue that.

Taking all of the above into account, I am of the view that the revised offer of £750 for distress and inconvenience is sufficient in the circumstances of this complaint.

Final Decision

My final decision is I uphold this complaint in part to the extent that HSBC should pay £750 to Mr H for his distress and inconvenience.

Douglas Melville
Principal Ombudsman and Chief Executive

Date: 10 March 2025