

**HSBC UK Bank plc**

From: Colin Garland  
*Director, Markets*

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## **HSBC's breach of the Retail Banking Market Investigation Order 2017 in relation to the Monthly Maximum Charge**

I am writing to you on behalf of the Competition and Markets Authority (CMA) concerning a breach by HSBC UK Bank plc (HSBC) of Part 7 of the [Retail Banking Market Investigation Order 2017](#) (the Order).

Part 7 of the Order requires all providers of personal current accounts (PCAs) in the UK to set a Monthly Maximum Charge (MMC) in relation to unarranged overdraft charges. Providers cannot charge customers more than the MMC in relation to unarranged overdrafts in any given month. Providers must say what their MMC is each time they mention unarranged overdraft charges.

### **The breach**

HSBC breached Part 7 of the Order by publishing an incorrect value for its MMC on some of its multi-function devices (Devices), which can be used by consumers to withdraw cash and which were introduced to replace ATM machines. Between 27 October 2023 and 28 February 2024, 310 Devices displayed the MMC as £35 instead of the actual value of £20 when users attempted to make a cash withdrawal that would have taken them into an unarranged overdraft. This was caused by a third-party contractor entering the wrong value for the MMC on a new batch of HSBC Devices.

HSBC first notified the CMA of the breach of Part 7 on 21 February 2024.

### **The CMA's concerns**

The requirement to provide correct and complete information to customers on the applicable MMC is an important element of our remedies to address the concerns found in the Retail Banking [Market Investigation](#). This measure, in combination with other remedies, was designed to make it easier for consumers to choose the best current account for them. If communications are not accurate, consumers could be misled.

The failure to disclose the correct MMC on some Devices may have led some customers to believe that the maximum amount that HSBC could charge them in a

month for using an unarranged overdraft was higher than it actually was. As a result, some HSBC customers may have switched away from HSBC to another bank, on the incorrect belief that the other bank offered a better MMC than HSBC, but would not have done had they been aware of the correct MMC.

### **HSBC has taken action to put things right**

I note that this breach was self-reported by HSBC and that it has taken proactive steps to end the breach and prevent a recurrence:

- Ensuring that all Devices and ATMs now display the correct MMC value.
- Improving its User Acceptance Testing (which is testing conducted on Devices and ATMs before HSBC accepts them from third parties). This testing will have an increased focus on screens that display information that is subject to regulatory requirements, like the MMC.
- Capturing learnings from this breach and sharing these learnings across the organisation. Key learnings already identified include having a greater focus on ensuring the work of third-party contractors is tested with regulatory requirements in mind.

### **CMA assessment and next steps**

Given the action that is being taken by HSBC, the CMA does not consider it appropriate to take further formal enforcement action in relation to this breach at present. However, the CMA will consider such action in the event of any further failures. The CMA will monitor HSBC's future compliance closely.

The public version of this letter has been copied to the Financial Conduct Authority.

Yours sincerely

Colin Garland  
*Director, Markets*