



COMPLAINTS WATCH

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Complaints Watch is published half-yearly by the Banking Complaints Unit of the Hong Kong Monetary Authority (HKMA). It highlights the latest complaint trends, emerging topical issues, and areas that Authorized Institutions (AIs) should be alert to. By publishing Complaints Watch, the HKMA aims to promote proper standards of conduct and prudent business practices among AIs and to enhance public understanding of banking products. Because of sensitivity, the cases mentioned in this newsletter may represent a synthesis of multiple cases and certain details may be omitted or altered.

Complaint Statistics¹

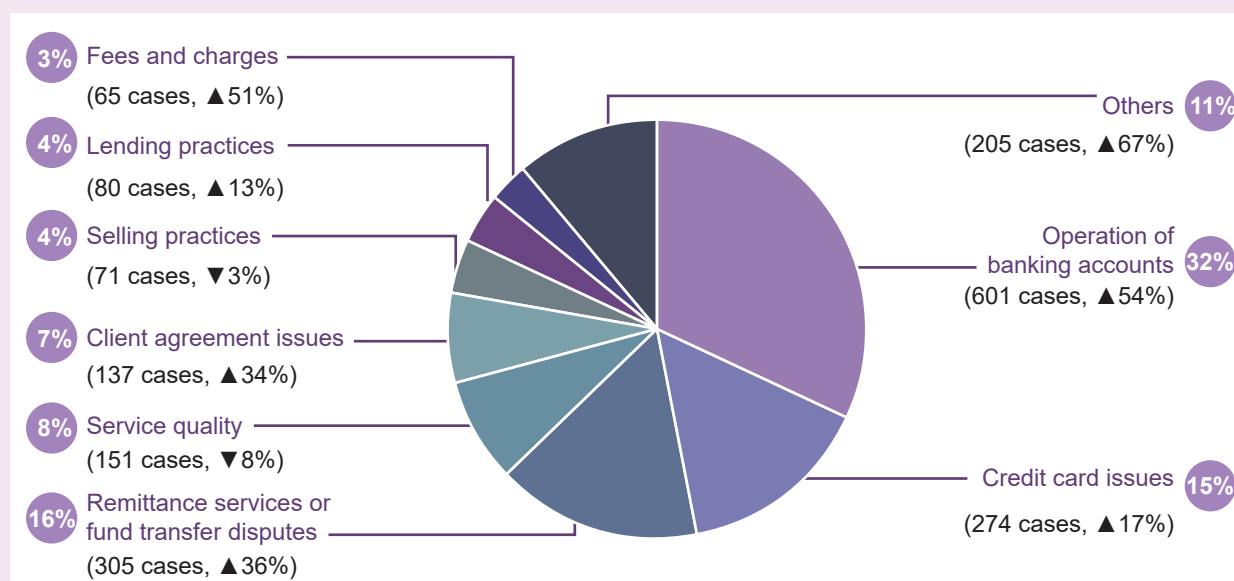
Table 1

Number of new complaints received by the HKMA and progress of the HKMA's handling of banking complaints

	Jan – Jun 2025		
	General banking services	Conduct-related issues	Total
Received during the period	1,757	132	1,889 ▲ 33%
Handling completed during the period	1,699	100	1,799 ▲ 19%

Chart 1

Types of banking complaints received in Jan – Jun 2025



¹ Unless otherwise specified, amount and percentage changes are measured on a year-on-year basis.

In the first half of 2025, the HKMA received 1,889 banking complaints, representing a 33% increase compared with the same period last year. The primary contributor to this rise was a significant increase in complaints related to the operation of banking accounts. Following the upward trend observed in 2024, this type of complaint continued to grow in the first quarter of 2025 before decreasing slightly in the second quarter. The first half of 2025 saw a notable year-on-year increase of 54%. The increase was attributable to enhanced fraud prevention measures implemented by AIs, alongside improved intelligence sharing from the Police. While these actions have prompted more frequent account reviews and have enhanced AIs' capacity to combat fraud, there has also been a rise in customer complaints concerning account operation. The HKMA has reminded AIs to strengthen their communication with customers in order to minimise inconvenience.

Handling complaints concerning operation of banking accounts

Fraud cases have been growing in number and complexity. In 2024, the number of reported deception cases increased by 11.7% compared to 2023, reaching 44,480 cases. Entering into 2025, the number remained at a high level. In the first five months of the year, 17,077 deception cases were reported compared with 15,750 over the same period in 2024. This indicates that the problem of fraud is far from resolved.



To combat fraud, the Police have enhanced intelligence sharing with banks. Sharing of information among banks will expand further once the new information sharing mechanism under the Banking (Amendment) Ordinance 2025 comes into effect later this year. With better intelligence, it is understandable that banks' capability to detect fraud and the associated mule accounts has improved. As banks have stepped up monitoring of account activities, an increased number of customers have felt annoyed and sought assistance from the HKMA through its complaint handling channel.

The HKMA has thoroughly reviewed the complaint cases concerning operation of banking accounts it received over the past 12 months. We observed that, in the vast majority of these cases, the bank's decision to approach the customer to enquire about certain unusual account activities was based on good reasons. In many cases, the customer provided valid explanations and no further action was taken by the bank. There were also cases where the customer refused to provide information to the bank (or even the HKMA), or agree to the bank's request for a face-to-face meeting. Many of these cases were subsequently confirmed to involve fraudulent activities. There were also cases where the customer had allowed other people to use his or her account to carry out transactions, which were not consistent with the customer's profile and past transaction patterns. In most of these cases, after clarification, the customers assured the bank that such practices would be discontinued.

Given the increasingly challenging fraud landscape, there is a need for banks to take proactive measures to detect illicit activities to offer better protection to their customers. That said, it is equally important for banks to maintain effective communication with the affected customers to minimise inconvenience to them where the circumstances do not warrant it.

Designing banking products from the customer's perspective

The HKMA receives from time to time complaints about banking products containing terms and conditions considered to be unfair to bank customers. The HKMA's Banking Complaints Unit has analyzed these cases. With the benefit of hindsight, some of the disputes with customers might have been avoided if greater emphasis had been placed on the interests of customers when the banks designed their products. Two commonly observed examples are provided below:



- To protect their margins from interest rate fluctuations, some banks price their credit products with reference to the higher of their cost of funds or some other market benchmark. The banks determine their cost of funds unilaterally and the determination process is not transparent to the customers. Therefore, even though they have disclosed the related terms and conditions at the time the customers signed up for the products, disputes inevitably arise when the relevant term is invoked.
- To promote spending using their credit cards, banks may roll out promotional campaigns every now and then. Generally speaking, these campaigns reward customers who meet certain spending targets within specified timeframes. Customer dissatisfaction sometimes arises because of some detailed conditions concerning eligibility for the rewards or the scope of spending, for which the rewards can be used. Typical examples include: (i) the rewards being given on a limited and first-come-first-served basis, so that by the time the customers have met the spending requirement, the quota has already been reached; and (ii) the rewards can be redeemed only at specific types of merchants of which the bank customers are not regular patrons. Again, even though the banks have disclosed these conditions in their promotional materials, the customers' attention has not been adequately drawn to them, and when they later find out about these conditions after making efforts to satisfy the spending requirements, they may feel aggrieved towards the banks.

The above complaints might have been avoided if the banks had designed their products more from the customer's perspective rather than their own. There may well be good justifications for introducing product features to protect the banks' interests or facilitate administration, but these justifications have to be weighed against the possibility of subsequent disputes with customers. No doubt banks appreciate that a bad customer experience may turn the customer away or cause disproportionate, perhaps irreparable, damage to their franchise, especially in today's internet era with the widespread use of social media.

Comments and feedback on Complaints Watch are welcome.

Please email them to bankcomplaints@hkma.gov.hk.