



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref: B1/15C

23 November 2018

The Chief Executive  
All Authorized Institutions

Dear Sir / Madam,

**Complaints Watch**

The Hong Kong Monetary Authority (HKMA) has today published the twelfth issue of its Complaints Watch.

Complaints Watch is a periodic newsletter prepared by the HKMA to share with the banking industry information on complaints received by the HKMA. It highlights the latest complaint trends, emerging topical issues, and shares good practices that authorized institutions (AIs) may find helpful. It forms part of the HKMA's work to promote proper standards of conduct and prudent business practices among AIs.

A copy of the twelfth issue of the Complaints Watch is enclosed for your perusal. You may wish to forward it to members of your institution who have responsibilities for the selling of retail and investment products, risk management, compliance and complaint handling for reference.

If there are any questions on the above, please contact Ms Cathy Chan on 2878 7504 or Ms Peggy Lo on 2878 7549.

Yours faithfully,

Carmen Chu  
Executive Director (Enforcement and AML)

Encl.



*Complaints Watch is published by the Complaint Processing Centre (CPC) of the Hong Kong Monetary Authority (HKMA). It highlights the latest complaint trends, emerging topical issues, and areas that banks may wish to place greater focus on. It forms part of the HKMA's work to promote proper standards of conduct and prudent business practices among banks.*

## Complaint statistics

Apr to Sep 2018	General banking services	Conduct-related issues	Total
In progress as of 1 Apr 2018	373	74	447
Received during the period	813	106	919
Completed during the period	(897)	(94)	(991)
In progress as of 30 Sep 2018	289	86	375

The HKMA received 919 complaints between April and September 2018. The major types of complaints received were related to provision of banking services (191), service quality (114), client agreement terms (86), alleged mis-selling (66), fees and charges (58), and remittance services (52).

## Suitability assessment for joint accounts

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The HKMA has received customer complaints regarding investments made through joint accounts. While joint accounts are popular arrangements offering convenience for close family members, for example, it is also important that the implications of the signing arrangements are clearly set out in the terms and conditions and understood by bank customers. Banks should draw the attention of joint account holders to relevant terms of the account concerned, especially those which may affect whether suitability is assessed in respect of any one or all of the account holders.

In one of the cases, a wife complained that while she held an account jointly with her husband, prior to an investment transaction conducted by herself in the absence of her husband, the bank did not conduct a risk profiling assessment with her husband first. It was then revealed from the terms and conditions of the joint account concerned that since either one of the two account holders is authorised to sign, both could operate the account on his/her own, and either customer is authorised to conduct investment transactions independently provided he/she had completed a risk profiling questionnaire (RPQ) and following the bank's suitability assessment. Since the complainant's account could be operated under the "either-one-to-sign" signatory arrangement and it was the wife who made the investment decision, the bank has not conducted a RPQ for the husband or considered the suitability of the product for him in relation to the wife's investment transactions through the joint account. Should the customers select "both-to-sign" arrangement, the order instructions would have required the mutual consent of both account holders, and the bank concerned would have to consider the RPQ of both account holders and, in the event of different risk tolerance levels, to assess suitability with reference to the lower risk tolerance level

and shorter investment tenor, alongside all the circumstances in relation to the proposed transaction.

In another case, a couple who had a joint account with “either-one-to-sign” signatory arrangement had each completed a suitability assessment which revealed that the husband had a higher risk tolerance level than his wife. The wife complained that, when her husband conducted an investment, the bank did not take into consideration her suitability assessment result and had proceeded to execute the transaction despite the fact that the product was not commensurate with her risk rating and thus not suitable for her.

It appears from the above examples that the terms and conditions of joint accounts may not have been sufficiently clear or the banks may not have adequately explained these important terms to the customers. Banks should bear in mind the importance of conducting “know-your-client” suitability assessment to ensure suitability of investment products for customers, and in the case of joint accounts, to draw to the attention of account holders about the implications of the signing arrangements under the terms and conditions including whether the suitability of investments will be assessed for one or both account holders. If “either-one-to-sign” signatory arrangement has been selected and suitability is only required to be assessed for the customer who is making the investment decision, it is a good practice that, prior to executing any investments through such joint accounts, sales staff would remind the customer of the relevant terms and conditions, particularly where risk tolerance levels of joint account holders are different. These measures may help avoid customer confusion and unnecessary disputes between banks and customers arising out of investments made through joint accounts.

## Double charging on credit/debit cards

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The HKMA occasionally receives complaints relating to double-charging of transactions on credit/debit cards issued by banks. Whilst card issuing banks (CIB) generally have established chargeback mechanisms to resolve such customer requests pragmatically, greater attention should be paid to details of the transactions under dispute, for example by obtaining the required information from customers at an early stage, in order to ensure prompt and effective handling of the chargeback requests.

In a recent complaint case, the complainant alleged that the CIB took two weeks to refund the double-charged amount even though he had reported immediately at the point of sale once he noticed that his debit card was charged for the same amount twice by a merchant, and that he had submitted a formal claim to the CIB for refund on the following day. It was noted from the case details that while the CIB concerned had indeed raised the refund request with the relevant payment system operator through the chargeback mechanism, the CIB mistakenly assumed that the second transaction was wrong and therefore put up the second transaction to the payment system operator for refund. The payment system operator rejected the refund request on the basis that the transaction in question was in fact a valid one.

When the complainant was informed of the unsuccessful chargeback and made further queries, the CIB realized that the chargeback request should in fact be raised for the first transaction which had been immediately voided by the merchant at the time of the transaction but was not registered by the payment system operator due to a system error. The refund was then made to the complainant accordingly after the clarification.

While the CIB has followed the established mechanism to help the complainant to raise chargeback request with the payment system operator, the bank concerned could have paid more attention to the details of the two transactions by enquiring with the customer the circumstances of the incident so as to determine which of the two transactions represent the double-charging and should thus be raised for refund. Banks should take into account the case example in considering, where applicable, further enhancement of operational procedures and staff training to improve efficiency and effectiveness in handling customer requests for chargeback/retrieval.

Comments and feedback on *Complaints Watch* are welcome. Please email them to [bankcomplaints@hkma.gov.hk](mailto:bankcomplaints@hkma.gov.hk).