HONG KONG MONETARY AUTHORITY
香港金融管理局

COMPLAINTS WATCH

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The 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 the Complaints Watch, the HKMA aims to promote proper standards of conduct and prudent business practices among AIs and to promote public understanding of financial products offered by AIs. Because of sensitivity, the cases mentioned in this newsletter may be prepared on the basis of synthesis of multiple cases and certain details of the cases may deliberately be omitted or altered.

Complaint Statistics[1]

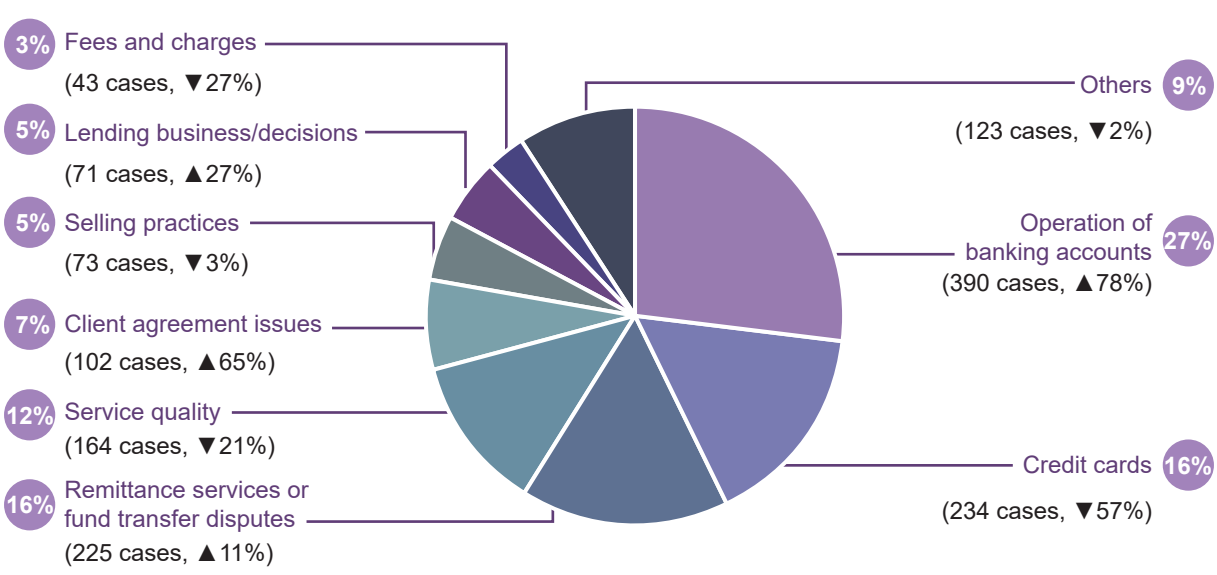
Table 1

Progress in the HKMA's handling of banking complaints. The number of new complaints received by the HKMA in the first half of 2024, as compared to the same period last year.

	Jan – Jun 2024		
	General banking services	Conduct-related issues	**Total**
New complaints received	1,285	140	**1,425 ▼ 8%**
Complaints handled	1,348	166	**1,514 ▼ 12%**

Chart 1

Types of banking complaints received in Jan – Jun 2024



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

In the first half of 2024, the HKMA received 1,425 banking complaints, representing a decrease of 8% compared with the same period last year. While the number of fraud-related banking complaints dropped notably by 45% to 350 cases, the number of complaints about operation of banking accounts jumped by 78% to 390 cases. The latter cases were mainly related to account reviews undertaken by a few retail banks during the period, which resulted in requests for additional information and documents from the account holders. The HKMA has followed up with these institutions and required them to improve their processes with a view to minimising dissatisfaction among their customers.

Handling Enquiries about Deceased Accounts

Handling the estate of a deceased family member is never easy. Dealing with the complex legal and administrative processes after losing a close relative can be difficult. AIs are reminded of the importance of sensitivity when assisting recently bereaved customers in administering the estate of the deceased.

Under existing laws, the Personal Representative of a deceased person must obtain the necessary authorization, such as a Grant of Representation from the Probate Registry or, in the case of small estate claims, a Confirmation Notice from the Home Affairs Department before he or she can administer the estate. To obtain the above official documents, the Personal Representative must gather information about the deceased person's bank accounts.

In a recent complaint, the Complainant approached an AI in March requesting account information of a family member, who had passed away in January, for the purpose of applying a Grant of Representation from the Probate Registry ("the probate application")[2]. The AI informed the Complainant that the account balance was zero at the date of the account holder's death, even though the AI was aware that some funds had been credited to the account in February. Since the Complainant was under the impression that there was no money left in the deceased's account, he decided not to include the said account in the probate application. The issue was discovered later when the Complainant was informed by the deceased's former employer that a salary payment had been made to the account in February. As a result, the Complainant had to revisit the Probate Registry to amend the probate application in order to be able to administer the balance in the account, which was not insignificant.

While this appears to be an isolated case and the AI concerned has established procedures and guidelines to handle enquiries about deceased accounts, the complaint would have been avoided if the AI had reminded the Complainant that there could be subsequent fund flows into and out of the deceased account after the death of the account holder. It would also be advisable for the Personal Representative to include the subject account, and in fact all accounts known to the Personal Representative in the probate application, even if the balance of the account was zero or nominal.

2 Under section 24A(3) of the Probate and Administration Ordinance in relation to the "Affidavit concerning assets and liabilities of estate", the applicant "shall exhibit a schedule setting out the assets and liabilities of the deceased as at the date of his death" for the probate application.

Providing Mortgage Related Information in Property Transactions

In a sale and purchase transaction of a property, the aggregate outstanding amount of loans secured by the property may affect the buyer's decision whether to proceed with the transaction. A recent complaint case handled by the HKMA suggests that there may be room to improve the clarity of the information provided by the mortgagee bank to the buyer.

In this case, the property was under an "All Monies" mortgage (i.e. a mortgage which secures all amounts payable by the borrower). After the buyer and the seller (the mortgagor) had entered into a provisional sale and purchase agreement, the seller's solicitor requested the lending bank to report the outstanding amount payable upon redemption. The bank reported the outstanding amount of the mortgage loan, and specified a validity period of the quotation ("Validity Period"). It did not include the seller's personal loans with the bank, which were current at the time when the quotation was given. Based on the information reported by the bank, the remaining amount to be paid by the buyer was sufficient to cover the outstanding amount of the mortgage. The buyer decided to proceed with the transaction, paid the second deposit and entered into the sale and purchase agreement.

When the seller's solicitor raised a second request to the bank for the updated outstanding amount a few days before the completion date of the transaction, the Validity Period had already expired. As some of the seller's personal loans had become overdue in the interim period, the updated outstanding amount had increased significantly and could not be fully covered by the remaining amount to be paid by the buyer.

Because the seller was unable to repay the shortfall between the outstanding amount and the remaining payment to be made by the buyer, the bank refused to release the mortgage. As a result, the transaction fell through. The buyer had to take separate legal action to recover the deposit he had paid to the seller.

While this case involves certain unique circumstances, it raises a question of whether there may be room to enhance the clarity of the information provided by a mortgagee bank to the buyer so that he or she can make an informed decision whether to proceed with the transaction. The HKMA is exploring ways to address this issue with the banking industry.

Comments and feedback on Complaints Watch are welcome.

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