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Rt Hon Andrew Tyrie MP
Treasury Committee
14 Tothill Street
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23 September 2015

Dear Andrew,

Re: HSBC BACS Payment Incident

I am writing to you following the incident at HSBC on 28 August 2015 which affected BACS credit payments to customers of multiple UK retail banks. I understand that Antonio Simoes has already written to you setting out the preliminary findings of HSBC's investigation. I thought you may also find it helpful to receive some information about our regulatory oversight and response to the incident.

On being alerted to the payments incident, we convened an incident management meeting with FCA senior executives to assess the situation and agree our response. We were in regular contact with HSBC throughout, both on the day and over the weekend that followed. We also invoked our arrangements to liaise with the PRA, Bank of England, the Payment Systems Regulator and HM Treasury to ensure that the appropriate stakeholders were briefed and that the regulatory response to HSBC and the other impacted banks was consistent. Our immediate priority was to ensure that the impact on customers was fully understood and remediated as soon as possible. We also discussed our concerns with HSBC on the day about the need to improve its customer communications to ensure that those affected were made aware of the situation and kept informed about the progress being made to process the payments.

Since receiving confirmation that all payments had been processed and that no customers would suffer any loss, we have remained in regular contact with HSBC to discuss the specific cause of the incident. We are closely monitoring the remediation work being undertaken by HSBC to its systems and controls. We are also considering what lessons can be learnt from HSBC's communications to its customers during the incident and in the days following.

In light of this incident, we are speaking to other major retail banks about their controls in relation to payments scheme limits and submissions. We continue to liaise with the PRA and the Payment Systems Regulator on this matter.

Please let me know if I can be of further assistance.

Yours sincerely
Tracey McDermott

Tracey McDermott
Chief Executive