

The complaint

Mr I has complained HSBC UK Bank plc won't refund £240 for two transactions he didn't authorise.

What happened

In October 2019 Mr I noticed he'd been debited £240 for two transactions made through an online payment scheme (who I'll call P) with his HSBC debit card. He didn't recognise these transactions and complained to HSBC.

HSBC raised a chargeback with P. These were rejected as P's evidence showed an earlier transaction on 1 October 2019 made to the same merchant using the same IP, physical and email addresses. HSBC told Mr I this and then re-debited Mr I's HSBC account.

Mr I was unhappy with how this was left and brought his complaint to the ombudsman service.

Our investigator reviewed the evidence HSBC provided from P. This confirmed what HSBC had told Mr I. Our investigator believed this showed Mr I had authorised the two disputed transactions.

Mr I continued to dispute this finding. He specifically questioned the other transaction he was supposed to have made on 1 October 2019. There was no evidence of this on his HSBC statement.

Mr I's complaint was referred to an ombudsman.

I completed a provisional decision on 25 July 2022. I believed on balance Mr I hadn't authorised these two transactions. I asked HSBC to refund them along with 8% simple interest.

HSBC agreed to offer Mr I a refund as a gesture of goodwill. They felt the fact that the two transactions were completed days apart, along with the email address used, meant that these weren't typical of card fraud.

Mr I rejected this offer. Along with 8% simple interest, he was looking for an apology from HSBC.

I now have all I need to complete my final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same outcome as I did in my provisional decision. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr I's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. Other factors do apply but nothing which is relevant to Mr I's case.

I raised a number of issues with HSBC before coming to my conclusion on this complaint. P's evidence to HSBC – which they admit is their basis for declining Mr I's fraud claim – states that these disputed transactions are to the same merchant as a transaction on 1 October. This is the transaction for £14.22 which debited Mr I's account on 3 October 2019. Mr I has not disputed this transaction.

However, I find this evidence unconvincing for a few reasons:

- The other transaction which debited Mr I's account was not made to the same merchant despite what P stated.
- P states the IP addresses are identical, but this doesn't reflect what their own evidence shows. The IP addresses in fact differ. HSBC has accepted my interpretation of the evidence.
- HSBC has no other corroborating evidence to show Mr I authorised these transactions.

Because these transactions met various HSBC internal criteria, HSBC did not do any of their own investigations but relied on the chargeback claims rejected by P as evidence Mr I made these himself. Despite HSBC's internal parameters, I'd still expect to see additional information that shows these transactions were authorised by Mr I. This is missing here. I appreciate HSBC has confirmed that even if they had completed an internal investigation they would still have rejected Mr I's claim.

HSBC has confirmed Mr I has no history of raising fraudulent claims with them.

I have considered that Mr I may have made both of these transactions and subsequently regretted them. But I don't think that's what happened here. The values are relatively low – £115 and £125 – and I can see Mr I's own evidence has been consistent throughout denying he made these transactions.

HSBC has stated these transactions don't fit the profile of fraudulent transactions. I'd agree it's not the type of fraud you'd see committed by an unknown third party but I don't think that's what necessarily took place here. There seems to have been reasonable opportunity for Mr I's card being compromised in a number of locations. That's what I think is most likely to have happened.

I note P's evidence of an email address which is Mr I's. This is not the email address Mr I has used in his correspondence with our service and he's told us this isn't his although I'm unable to substantiate this. HSBC has confirmed Mr I uses alternative email addresses as part of his P customer profile so they don't believe this is convincing evidence. I agree this

aspect isn't convincing on its own and I've not relied on this fact alone.

I have balanced the evidence I've seen along with the amounts involved and knowing that Mr I's debit card details and address could have been compromised. On balance I don't think there's enough to show Mr I authorised these transactions.

Putting things right

On that basis I will be asking them to refund the disputed amounts to Mr I. I will also be asking them to add 8% simple interest to these amounts.

I know Mr I is keen on getting an apology from HSBC. I appreciate he feels wronged, but I don't feel it would be helpful to insist on HSBC doing this.

My final decision

For the reasons I've given, my final decision is to instruct HSBC UK Bank plc to:

- Refund Mr I £240 for the two disputed transactions; and
- Add 8% simple interest a year to those amounts from the date Mr I was re-debited to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 5 September 2022.

Sandra Quinn
Ombudsman