

The complaint

Mrs H is unhappy with how HSBC UK Bank Plc trading as First Direct (First Direct) has handled her fraud claim.

What happened

In September 2021, Mrs H fell victim to two scams.

The first scam happened on 14 September 2021 and involved a fraudulent email that appeared to come from the NHS and offered a Covid passport for £1.99. This email was sent by scammers and contained a link which took Mrs H to a screen that asked for her bank card details – in order to pay the £1.99. Mrs H realised she'd been the victim of a scam the same day and called First Direct. As a result, her debit card was cancelled with a replacement card issued.

A few days later on 17 September 2021, Mrs H was called by someone pretending to work for First Direct. They told Mrs H that her account had been compromised and convinced Mrs H to share her secure key passcode from her mobile banking app. Using this passcode, they were able to move over £18,000 out of Mrs H's account.

The funds were sent to an existing saved payee of Mrs H's – who I'll refer to as C. C was also contacted by the scammers, who convinced her to move the money she'd received from Mrs H on to another account – which the scammers controlled. C received a call from her bank (not First Direct) as the movement of the money out of her account appeared suspicious, and following a conversation with her bank, C became aware she'd been the victim of a scam.

Mrs H was made aware of the situation and called First Direct, who confirmed that she hadn't spoken to a genuine First Direct employee and that it was likely that she was also a victim of the scam.

Mrs H says her first call with First Direct (in relation to the second scam), happened at around 2:30pm on 17 September 2021 – which was a Friday. Mrs H says that as part of this call, First Direct agreed to cancel her debit card and she was promised a call back from First Direct's fraud team. After two hours, having not received a call back, Mrs H contacted First Direct again. In this call Mrs H was told that the fraud team only work Monday to Friday so she wouldn't get a call until the Monday, as she'd called outside of their working hours.

The next day, Saturday, Mrs H called First Direct to check no other transactions had come out of her account. At this point First Direct identified some transactions that were made with Mrs H's debit card which she didn't recognise. Later that same day Mrs H received calls from First Direct. During these calls more information was requested about the scam and Mrs H was told the card transactions of over £800 had been refunded to her account. Mrs H was also told she'd get a call the following week, so she let First Direct know that she would be out of the country from Sunday (the next day).

On the Tuesday, Mrs H called First Direct again, as she hadn't received the expected call back. At this stage Mrs H was told that the fraud team wouldn't usually call her and that she would receive a letter sharing the outcome of her fraud claim.

On the Wednesday, Mrs H called First Direct again to get an update on her fraud claim. She was told that the fraud team were still investigating the claim and that she would get a letter within seven days. Mrs H told First Direct she wanted to raise a complaint about the service she'd received and was put through to their complaints team. Mrs H raised several complaint points including; First Direct's failure to make promised call backs, that First Direct had said they'd stopped her debit card when they hadn't and her overall dissatisfaction with how they'd handled her fraud claim.

First Direct provided their written response to Mrs H's complaint which addressed the following points:

- Mrs H had been given a full refund of the funds lost to the scam, totalling just over £18,600.
- First Direct didn't agree that Mrs H had been promised a call back, but accepted she was incorrectly told she would be contacted very quickly. They accepted they should've been clearer about how and when she would be contacted and paid £25 as a goodwill gesture.
- First Direct explained that Mrs H's fraud claim initially went to a team that looks into vishing scams. They had reviewed her case and decided to provide full refund. Mrs H would only have been contacted if they needed more information. As it was a full refund, they would contact her by letter which takes five working days.
- They disagreed that they'd told Mrs H they would stop her debit card. First Direct said there was no reason to believe her debit card details from her replacement card had been compromised, so there was no reason to stop it.
- Also, because there was no reason to think her card had been compromised, they wouldn't have checked her account for card transactions as part of her fraud claim. However, they had refunded the debit card transactions that Mrs H says she didn't make.

Mrs H wasn't happy with First Direct's response, so she brought a complaint to our service.

An investigator looked into Mrs H's complaint and upheld it. They recommended that First Direct pay Mrs H an additional £75 for the poor level of customer service she'd received – taking the overall compensation to £100. The investigator didn't agree that First Direct had told Mrs H they'd cancel her card or promised her a call back. But they felt the poor communication about timescales had added to Mrs H's distress.

Mrs H disagreed with the investigator's opinion, saying the level of compensation recommended was an insult.

As the case couldn't be resolved, it was passed to me to review.

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.

I'm conscious that I've summarised the two scams Mrs H was the victim of without going into full detail of what happened in the scams themselves. I've done this because at its core, Mrs H's complaint is about how First Direct handled her fraud claim, the level of customer service she received from First Direct and her dissatisfaction with their processes and procedures. So, while the scams are important, I'm focusing my decision on addressing the core of Mrs H's complaint to us.

For completeness, First Direct have fully reimbursed Mrs H for the funds she lost to the scammers and made an interest adjustment to her savings account for the time the money was out of her account, so Mrs H is back in the financial position she would've been in if the scam hadn't happened. And, their refund is in line with what I would've recommended if I had upheld her complaint relating to the return of the funds lost to the scam.

First Direct's processes and procedures

A number of Mrs H's concerns are around First Direct's processes and procedures. She's unhappy that C's bank talked to C straight away and spent significant time on the phone with C discussing the scam and next steps. Whereas, when Mrs H reported the second scam to First Direct, the details were taken, but Mrs H was unable to talk to First Direct's fraud team directly. She feels this caused her additional stress.

I think it's important to explain what we can and cannot look at in considering Mrs H's complaint. I can't comment on or make recommendations with regards to a First Direct's operational processes or procedures. So, while I appreciate Mrs H's frustration that she wasn't able to contact First Direct's fraud team directly and felt First Direct's processes provided little or no reassurance at such a stressful time, it isn't something that I can make an award or recommendation for. Also, I can't compare First Direct's processes to that of another bank, or say they've acted unreasonably because they follow a different process.

In this case, First Direct took the details of Mrs H's scam (albeit not in the level of detail she would've liked), completed an investigation into her fraud claim and reached an outcome which they communicated to Mrs H. From what I've seen First Direct have taken appropriate steps in dealing with Mrs H's fraud claim. I realise that Mrs H is going to disagree with this and that part of her complaint was aimed at ensuring other customers don't have the same experience she did. However, I'm unable to give Mrs H the answer or satisfaction that she is looking for in relation to this complaint point.

The level of customer service Mrs H received

I have though, considered the level of customer service Mrs H received from First Direct with regards to promised call backs, poor communication and incorrect information.

First Direct have accepted that they provided Mrs H with incorrect information, by saying the fraud team would call her. Also, by suggesting she would be contacted quickly, when actually she was likely to only be contacted once they had reached an outcome to their investigation or if they needed more information. Overall, I think First Direct should've been clearer with Mrs H right from the start with regards to the process, the timeframes involved and how and when she would hear from them. I think that this poor service added to Mrs H's distress, at an already stressful time.

Mrs H also raised a point regarding First Direct telling her they'd cancelled her card, when in fact they hadn't. Having listened to the calls Mrs H had with First Direct in relation to the second scam, I don't agree that First Direct told Mrs H they would cancel her card. In the initial calls there was no indication that Mrs H's new card details had been compromised only her bank account, so I don't think it was unreasonable that First Direct didn't cancel her card.

Mrs H has been very clear that she feels £100 compensation is an insult and isn't sufficient based on the distress she's experienced. However, the awards we make are modest and I'm conscious that most of Mrs H's distress was caused by the scammer and the potential worry that she might not get her money back. But, based on the customer service points that I think First Direct could've handled better, I'm satisfied that the £100 recommended by the investigator is a fair award in the circumstances. This is not in addition to the £25 First Direct already offered Mrs H.

Putting things right

To put things right HSBC UK Bank Plc trading as First Direct (First Direct) should pay Mrs H £100 compensation. They can deduct the £25 they offered, if they've already paid it to Mrs H.

My final decision

My final decision is that I uphold this complaint against HSBC UK Bank Plc trading as First Direct (First Direct) and require them to compensate Mrs H, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 20 December 2022.

Lisa Lowe
Ombudsman