

The complaint

Mrs J complains that HSBC UK Bank Plc (HSBC) is refusing to refund her the amount she says was lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs J found an advertisement online for a business (X) offering online training for accountants. Mrs J spoke to X and was persuaded to take part in the training. Mrs J made a payment for the training via her credit card for the value of £997.

Mrs J completed two online meetings with X before realising the training was not suitable for her and feels the advertisement was misleading.

Mrs J says X asked her to click on a link which she feels gave X access to her computer. Mrs J found four credit card applications on her credit file that she says were made as a result of her dealings with X.

Our Investigator considered Mrs J's complaint but didn't think it should be upheld. Mrs J disagreed so this complaint has been passed to me to decide.

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 don't uphold Mrs J's complaint and I'll explain why.

Not every complaint referred to us and categorised as a scam is in fact a scam. The information available about X is not enough for me to say a scam took place.

However, even if I was to say Mrs J experienced a scam, I still don't think HSBC would be held responsible for her loss.

Recovering the payment Mrs J made

Mrs J made a payment to X via her credit card. When payments are made by card the only recovery option HSBC has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be

considered valid, and potentially succeed. Time limits also apply.

HSBC did apply for a chargeback from X. X explained it had provided the service to Mrs J that she had paid for. So, the chargeback was denied, and the funds Mrs J paid for the training could not be recovered.

Should HSBC have reasonably prevented the payment Mrs J made?

It has been accepted that Mrs J authorised the payment that was made from her account with HSBC. So, the starting point here is that Mrs J is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether HSBC should have had concerns about the payment Mrs J was making and stepped into question her about it.

The payment Mrs J made from her credit card was for a relatively low value to what appears to be a legitimate business. It would not be reasonable for me to suggest HSBC should step in every time one of its customers makes a relatively low value payment to a legitimate business. So, I don't think it was unreasonable that HSBC didn't see any risk involved in the payment Mrs J made and it is not responsible for her loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 19 March 2024.

Terry Woodham
Ombudsman