

The complaint

Mr C complains that HSBC UK Bank Plc (HSBC) won't refund transactions on his account which he says he didn't authorise. The transactions occurred over a couple of days and totalled around £1,700.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr C says that he lost his wallet which contained his HSBC card. After he recovered from a brief illness, he contacted HSBC to report his card as stolen. He doesn't believe he authorised any card transactions after 10 September 2023, apart from one ATM withdrawal for £250 which occurred at around 11.57pm on 10 September 2023.

Mr C logged onto his online account on 13 September 2023 and noticed transactions that he said he did not recognise. HSBC's online notes show that this login occurred around 1.34pm. He contacted HSBC on 14 September 2023 and his card was cancelled that day.

HSBC says Mr C phoned them on 11 September 2023 to increase his ATM limit to £500 and that he confirmed during this call that the card was in his possession. HSBC said that during the period Mr C said he was without his card, a long time had passed between each card transaction – which is uncommon when a card is compromised. HSBC said that normally a card is used fully and promptly to maximise the amount taken, before the victim cancels the card.

HSBC said that Mr C had also used his PIN for most of the transactions, so they believe that he authorised them

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 this complaint.

Generally speaking, HSBC is required to refund any unauthorised payments made from Mr C's account, and Mr C should only be responsible for transactions he authorised. Those rules are set out in The Payment Services Regulations 2017. Mr C says he didn't authorise the transactions he's disputed. So, I have to decide whether or not I think Mr C authorised them.

The transactions Mr C is complaining about occurred between 10 September 2023 and 12 September 2023. Mr C explained that his memory of the time is limited due to him being intoxicated. He says he lost his wallet and believes that somehow his PIN was compromised, and funds were taken from his account without his consent.

Transactions on 10 September 2023

HSBC provided us with a copy of the call recording between them and Mr C which happened on 11 September 2023. Mr C had called to increase his ATM withdrawal limit. During this call he read out the last four digits of his debit card and didn't mention that he had lost his card. Mr C also had to pass security using his voice to verify himself. I'm therefore persuaded that he had his card in his possession at the time of this call. As such, I think he did authorise the transactions that occurred on 10 September 2023; one transaction was contactless (£5.27 to a takeaway restaurant) and the other two transactions were approved by him using his PIN (70p to a wine shop and a £250 cash withdrawal, which Mr C has said he has some memory of). I'm therefore not asking HSBC to refund these transactions.

The ATM withdrawal limit was also a temporary increase to £500. It would go back to its original limit on 12 September 2023. This temporary increase suggests to me that Mr C had planned to make cash withdrawals on 11 September 2023. It's something I've considered when deciding if he did authorise the transactions.

Transactions on 11 and 12 September 2023

HSBC provided us with internal technical notes that show the remainder of the disputed transactions were made using Mr C's PIN. And I'm satisfied by technical evidence provided by HSBC that the rest of the transactions were authenticated by the ATM or merchant which would read Mr C's card's chip and correct PIN being entered.

With regard to whether Mr C consented to the transactions, I've taken into account everything Mr C has said about this. However, in this case I think it's most likely that Mr C did consent to the transactions. I say this because even if I accepted what Mr C has said about him having lost his card (and I'm not saying I do accept this), this wouldn't explain how a third party would have known Mr C's correct PIN in order to authenticate the transactions.

Mr C originally said he stored his PIN for his HSBC card in his wallet that was stolen along with the card. But he then went on to say his wallet contained a PIN for a different card with a different business. He said that the reason he stored his PIN for that card in his wallet was because it was a relatively new PIN and that this wasn't the case for his HSBC card.

Mr C hasn't said that he had his PIN stored somewhere where somebody else would have access to it. Whilst in some cases a PIN can be exposed by somebody reading it over someone's shoulder when they are withdrawing cash or completing a transaction using their PIN, I don't think that's what most likely happened here. I accept that Mr C's memory of events isn't exact as he was intoxicated and unwell following the disputed transactions. However, based on what he has said the last transaction he approved was the £250 cash withdrawal which occurred around 11.57pm on 10 September 2023. The next transaction wasn't until the following day at around 7.53pm. And I do think this gap is significant here. If someone had taken Mr C's card and knew his PIN I would have expected a withdrawal to occur sooner and not around 20 hours later.

I've also taken a step back and considered the account activity around the disputed transaction, specifically the temporary increase of the ATM withdrawal limit, and the addition of £2,000 into the account on 10 September 2023 (which is the highest amount in the account based on the statements I've seen for around 18 months). Essentially, I can see no plausible or persuasive explanation of how the transactions Mr C is complaining about would most likely have occurred, but for Mr C authenticating them himself or otherwise consenting to them. I'm therefore not asking HSBC to refund him the transactions.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 22 November 2024.

Sureeni Weerasinghe
Ombudsman