

## **The complaint**

Mr N complains that HSBC UK Bank Plc has not refunded a payment which he made for a service which was not provided.

## **What happened**

In September 2023 Mr N bought from a merchant, which I'll call "T", a package of services which would assist him in financial trading, in particular in foreign exchange dealing. He paid the equivalent of £907.77, along with a non-sterling exchange fee, using his HSBC debit card. Mr N has explained that the package included simulated trades and an evaluation. Depending on his progress with these services, he could then move on to real trades with the possibility of making a profit.

Mr N says however that the package of services did not perform as he had expected. He says that T closed his trades and manipulated the system in such a way that he could only generate a theoretical loss and could not progress to real trading.

Mr N asked HSBC to raise a claim against T. It did so, but T defended the claim. HSBC took the view that it was not worth pursuing the matter further and so re-debited Mr N's account.

Mr N complained about the bank's decision, first to the bank and then to this service. Our investigator did not recommend that Mr N's complaint be upheld. Mr N did not accept her assessment and asked that an ombudsman review the case.

## **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.

Where goods or services are paid for with a debit or credit card and a dispute arises, it is often possible to resolve that dispute through the chargeback process. Chargeback is a scheme run by the card schemes (in this case, Visa). A card issuer (here, HSBC) raises a claim through the scheme against the merchant's provider of card facilities. That provider will then consider whether the claim meets the relevant criteria for chargeback (if necessary, seeking evidence from the merchant) before responding to the claim. Where necessary, the scheme provides for arbitration between the financial businesses.

Chargeback is however primarily a scheme for resolving disputes about payment settlements – including, for example, where payments are not authorised or are duplicated, or where goods have been paid for but not delivered. It can therefore have the effect in some cases of resolving disputes between merchants and consumers, but it is not always an appropriate or effective mechanism for achieving that aim.

There is no legal or regulatory obligation on a card issuer to pursue a chargeback claim, but this service takes the view that they should do so where there is a reasonable prospect of success.

In this case, Mr N did receive access to the software he had purchased. It cannot be said that the service was not delivered – although I accept that Mr N says it did not do what he expected of it. Nor is this a case where a refund was agreed but not provided, since T said that, by using the service, Mr N lost the right he had to cancel his order.

In the circumstances, and given that T defended the chargeback claim, I think it was reasonable of HSBC to take the view that pursuing the matter further was unlikely to result in a successful outcome for Mr N.

### **My final decision**

For these reasons, my final decision is that I do not uphold Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 28 April 2025.

Mike Ingram

**Ombudsman**