

The complaint

Mr J has complained HSBC UK Bank plc, trading as first direct, won't refund him for transactions he didn't make.

What happened

Mr J opened an account with first direct in September 2024. Within a month he complained that various gaming transactions that had taken place on his card were not authorised by him.

First direct believed they'd sent Mr J a text advising him of potential fraud. They confirmed they received a response confirming no fraud was being committed. They couldn't see how these transactions could have been made by a third party and noted that credits had also been made to Mr J's account which was unusual behaviour in the case of fraud.

Mr J was unhappy with this and brought his complaint to the ombudsman service. He was also able to provide evidence from his mobile phone provider which suggested that the text sent by first direct had not been sent to his mobile number.

Our investigator felt although this case was unusual, she believed the evidence Mr J had provided from his mobile phone provider. This indicated Mr J had never received the text message and therefore suggested that he had been the victim of fraud. Our investigator shared this evidence with first direct and asked them to refund Mr J.

First direct didn't accept this outcome. Mr J's complaint has been referred to an ombudsman.

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 our investigator. 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.

It's worth stating that I can choose which weight to place on the different types of evidence I review, including technical evidence, provided by financial institutions along with complainants' persuasive testimony.

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 J'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.

Having reviewed the evidence, I believe there is sufficient to show that Mr J most likely didn't authorise these disputed transactions. I say this because:

- Mr J went to some lengths to share evidence from his mobile phone provider. This shows that a text sent from first direct's number was rerouted to another mobile number. I appreciate first direct has questioned this, but I've seen the original email from Mr J's mobile provider which contains the spreadsheet confirming this. This evidence has been shared with first direct. I'm unsure why they remain so sceptical.
- I've already written to first direct to confirm that I would be upholding based on this evidence which suggests Mr J never received a fraud alert about the disputed transactions.
- First direct notes that Mr J had recently been a victim of fraud having had card details of another provider compromised and he should be more careful. I'm not convinced that it is possible for a customer to completely avoid card details being compromised but there's nothing here to suggest Mr J has been careless.
- It is true that it is unusual for a fraudster to use card details for gaming purposes which then enables any credits to be made to the genuine cardholder's account. That may well be the case, and I can't explain it either, but this can and does happen.

The key here is that first direct's main evidence – that they messaged Mr J – doesn't appear to be the case when I consider the evidence. In that case I'm not satisfied there is sufficient evidence to show Mr J made these transactions.

Putting things right

First direct will need to refund £601 – the total of the disputed amounts – along with 8% simple interest from the dates the money left Mr J's account.

My final decision

For the reasons given, my final decision is to instruct HSBC UK Bank plc, trading as first direct, to:

- Refund £601 to Mr J; and
- Add 8% simple interest from the dates of the transactions until the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 17 November 2025.

Sandra Quinn
Ombudsman