

## The complaint

Mr G complained because HSBC UK Bank Plc refused to refund him for transactions which he said he didn't authorise.

## What happened

On 5 January 2025, Mr G rang HSBC and disputed four transactions which had debited his account. The total was £1,454.97 and they had all been paid to an online remittance service. The details which he disputed were:

- On 4 January, a debit of £51 at 13:11;
- On 5 January, a debit of £144.99 at 11:58;
- On 5 January, a debit of £330.99 at 12:28;
- On 5 January, a debit of £927.99 at 12:55.

Mr G told HSBC that his debit card was in his possession, and no-one else had access to his card or card details. He said he often did online transactions using his phone, but hadn't saved his card details online. He said he'd been at a reunion function, and maybe something had happened there, but he hadn't given anyone his card. He said he'd spoken to the online remittance service to which the money had gone. He told HSBC that he had two accounts with the remittance service. He said that the transfers from his HSBC account had gone to one of his accounts with the remittance service but had then gone onwards from there. He said the remittance service had said he'd made the transactions, but he told HSBC he hadn't authorised the debits from his account. HSBC blocked the card and issued a replacement. It also reversed the disputed payments while it investigated.

On 24 January HSBC wrote to Mr G. It said it wanted more detailed information to investigate the validity of Mr G's claim, and hadn't been able to contact him on the phone numbers he'd provided. It asked him to phone within ten days.

Mr G didn't reply. So on 10 February HSBC wrote to say that as Mr G hadn't replied, the disputed transactions would remain on his account. This was because:

- The transactions had been made using Apple Pay, and there had been multiple transactions using the same device which had not been disputed. HSBC pointed out that to use Apple Pay as a method of payment, Face ID or a passcode had to have been used;
- Mr G's HSBC personal internet banking had been logged into a number of times while the disputed transactions were taking place. So HSBC couldn't understand why Mr G hadn't reported the dispute sooner; and
- The disputed payments had been enabled because of credits which had been paid into the account during the disputed activity.

HSBC said that the disputed total of £1,454.97 would be reapplied to Mr G's account immediately, and said that if there were insufficient funds in his account to cover this, the account would go overdrawn.

HSBC re-debited the disputed £1,454.97 on 11 February, and Mr G's account balance after that was £1,442.46 overdrawn.

Mr G wasn't happy with this and complained. He said the reason he hadn't replied to HSBC's 24 January request to speak was that he'd been away in another part of the country.

HSBC issued its final response letter on 13 February. It refused to refund him, for the same reasons it had previously set out.

Mr G wasn't satisfied and contacted this service.

He told our investigator that at the time of the disputed transactions, he'd gone outside for sports between 12.30 and 4pm, leaving his phone in his locker, which wasn't secure. He said no-one had taken anything, and his bank cards and resident permit card were still there when he returned.

Our investigator said that HSBC had shown that Mr G was logging onto his online banking at the time of the disputed transactions, so she asked why he hadn't reported the dispute sooner. Mr G said he hadn't been logging in at the time. He hadn't reported it to the police, and had phoned the online remittance firm because he'd thought it was a mistake. He said his phone had Face ID to unlock it, and no-one else had their biometrics registered on his phone. He said he hadn't authorised anyone else to use his card or account. He said he passcode was easily guessable, but no-one else knew it.

The investigator also asked Mr G about the credits which had come into his account shortly before the disputed transactions, without which the disputed transactions couldn't have happened. Mr G initially said he didn't know where the credits had come from.

In later calls, Mr G changed some parts of his evidence. For example, he said that:

- the credit payments had come from friends, because they couldn't use their own accounts. He said they'd been "test" payments, so the friends could see how the online remittance service worked;
- Mr G had disputed four payments, on 4 and 5 January, with HSBC, as I've set out above. But he later told our investigator that the 4 January £51 payment had been genuine.

Our investigator didn't uphold Mr G's complaint. She noted that Mr G's Face ID had been used to log into his mobile banking app at several points during the disputed transactions. The technical evidence also showed that the IP address (a unique computer identifier) used for the transactions matched genuine login payments. She said that Mr G had said he still had his phone, and nothing else had been taken when left unattended – which wasn't typical of a fraudster. Also, Mr G had initially said that he didn't know where the credits had come from, and eventually told her that they'd been "test" payments from his friends to see how the online remittance firm's app worked. The investigator didn't think it was plausible for "test" payments to be the values they were. She considered Mr G had authorised the disputed payments.

Mr G didn't agree. He said that the transactions had been the result of a scam. He said he wasn't a liar and hadn't made the transactions. He asked for an ombudsman's decision.

### **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.

First, although Mr G said the transactions had been the result of a scam, that's not what his evidence is here. A scam is an illegal trick to obtain money, and Mr G hasn't reported

anyone trying to trick him in this way. He's disputed the payments saying he didn't authorise them.

Also, although Mr G reported four transactions totalling £1,454.97 to HSBC, he's more recently told this service that the £51 payment was genuine. So the total he's currently disputing is £1,403.97.

### *What the Regulations say*

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

The regulations also say that account holders can still be liable for unauthorised payments under certain circumstances – for example if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*."

So what I've considered is whether it's most likely that Mr G, or a third party fraudster unknown to him, carried out the disputed payments. And if Mr G didn't make the payments, I'll go on to consider whether he kept his details sufficiently secure.

### *Who is most likely to have authorised the disputed payments?*

Mr G still had his phone after the disputed payments. The payments were carried out using Apple Pay, which had previously been set up on his phone and had previously been used for undisputed payments. The technical evidence shows that his phone was accessed using Face ID. So it's hard to see how a third party fraudster could have carried out these payments.

Mr G's evidence is that he'd left his phone and other possessions, including bank cards, unattended in the insecure locker at the time of the 5 January payments between 11.58 and 12.55. Even leaving aside the issue that the phone was accessed by Mr G's biometrics, and he said his passcode was easy to guess, it's unlikely that any third party fraudster would have made payments on the phone, but then left without stealing the phone, bank cards, or other possessions. And the first of the disputed payments, as Mr G originally reported them to HSBC, had taken place the previous day. So I'm not persuaded by Mr G's argument that a third party fraudster made the disputed payments when he'd left his phone in an insecure locker on 5 January.

Mr G disputed four payments with HSBC, but much later told the investigator that the £51 payment on 4 January was genuine. I find it surprising that he's only recently realised that one of the payments he discussed with HSBC was genuine. I also note that his evidence that his phone could have been compromised when he left it unattended at an event on 5 January, would conflict with also having a disputed payment the day before.

The technical evidence also shows that Mr G logged into his phone regularly around this time. Again, I can't see how anyone else can have done that, especially when Mr G still had possession of his phone, and it was protected by biometric login. And if Mr G hadn't authorised the payments himself, I'd have expected him to have reported them to HSBC much sooner than he did – in other words, as soon as he'd logged in and seen them.

Mr G told HSBC that he did have two accounts with the remittance service to which the disputed payments went, and someone had used his second account with that service fraudulently. I can't see why a fraudster would have sent fraudulent payments to one of Mr G's own accounts with the remittance service.

The evidence also shows that there were credits into Mr G's HSBC account shortly before the disputed debits, for almost exactly the same amount. As I've set out above, Mr G gave different accounts about these credits over time, first saying he knew nothing about them, and then saying that he was trying to show friends how to make a test payment with that remittance service.

In terms of security, Mr G also said his passcode was easily guessable. And he said he left his phone in an insecure location. So I don't consider Mr G met the terms and conditions of the account, with its responsibility to keep his details and payment device secure.

Taking all the above factors into account, I consider it's most likely that Mr G authorised the disputed payments himself. So HSBC doesn't have to refund him.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 15 July 2025.

Belinda Knight  
**Ombudsman**