

## **The complaint**

Mr M complains that HSBC UK Bank Plc declined to refund a disputed transaction made from his account, and then closed his account.

## **What happened**

On 19 December 2024, when checking his balance at an Automated Teller Machine (ATM) and then withdrawing £10, Mr M says he was targeted by an individual who later stole his card. He says this person then used it to make an unauthorised transaction for £999 at an electronics shop.

When Mr M discovered the transaction, he contacted HSBC to report it as unauthorised and asked it to refund the money. But the bank didn't think it was liable for his loss. It said:

- The transaction was in isolation.
- The activity ended successfully.
- The activity was funded by a credit into the account.
- The activity was not typical in a fraud scenario.

Further to this, on 30 December 2024, HSBC sent Mr M a letter to explain that it was closing his account. Mr M then made a complaint. He said as his account was a basic bank account, HSBC had broken the regulator's rules as it's a person's human right to have a basic bank account. In response, HSBC said it was sorry for any concern that its decision may have caused to Mr M, but it was satisfied that it had acted correctly and its decision to close Mr M's account was made in accordance with its terms and conditions.

Mr M then referred his complaint to our service where it was considered by one of our investigators. She wasn't satisfied that an unknown third party carried out the disputed transaction, so she didn't think HSBC needed to refund the £999. She also didn't believe that HSBC had made any mistake closing Mr M's account in the way that it did.

As no agreement could be reached, the 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 realise this will be disappointing news for Mr M, but I've reached the same conclusions as our investigator. I've explained why below.

### *The disputed transaction*

I've thought really carefully about the version of events Mr M has described to have

happened during and after he checked his balance and withdrew £10 on 19 December 2024. I'd like to thank Mr M for telling us about his personal circumstances that could impact his memory. He's explained that due to this, his recollection of the events could be different every time, and I'd like to reassure Mr M that I've taken that into consideration when making this decision.

But I've also considered evidence that isn't in dispute – such as the timings of the genuine and disputed transaction, and the pattern of card usage after Mr M says it was stolen from him. Having done so, I don't find it's likely the transaction was carried out by an unauthorised individual. And I say this for several reasons.

Mr M says that he checked his account balance before going on to withdraw £10. During the course of these events, he says someone came up behind him and hugged him, likely doing so in order to gain knowledge of his Personal Identification Number (PIN). Mr M has said that this same individual as well as an accomplice, then followed him and hugged him again, trying to engage in conversation. He believes it was at this point they stole his card.

I accept the possibility that Mr M could've been observed using his PIN by this individual, and that the 'hug' could've been a technique to enable them to do so. But, what I find very unusual, is that whoever allegedly took Mr M's card, did not check his balance before making the transaction of £999 in the electronics shop.

This is important, because after the £999 transaction was made, just over £3 remained in Mr M's account. So whilst it could've been a huge coincidence that the disputed transaction used almost all of Mr M's available account balance, on the balance of probabilities, without a balance enquiry being made beforehand, I find it most likely that the person who made the disputed transaction had prior knowledge of Mr M's available balance. And, I've also considered that the day before this happened, Mr M had deposited £450 into his account – and so the disputed transaction wouldn't have been possible without this happening.

I've thought about the possibility of this individual seeing Mr M's available balance on the screen when he carried out his balance enquiry. But it seems very unlikely that this person would've hugged Mr M not only at the exact time for him to enter his PIN, but for him to then go on and select 'balance enquiry' at the machine, to then have sight of the balance on screen, all whilst embracing Mr M before he turned around. I just don't find this at all credible.

As well as this, HSBC's electronic records do not show the card being used at all, after the £999 transaction or after Mr M had contacted the bank to cancel the card. Whilst there is no such thing as a 'typical fraudster,' I would expect someone who has gained possession of someone's card and PIN, to attempt to maximise its use as much as possible as quickly as possible. But that didn't happen here. And again, I find this suggests whoever was using the card had prior knowledge of Mr M's account balance to know that any further transaction would not be beneficial.

So when I consider all of the available evidence here, including the £450 deposit into the account the day before, as well as the lack of a balance enquiry or attempted usage of the card after the £999 disputed transaction; I find it more likely that the transaction took place with involvement from Mr M. And so I find that HSBC is entitled to treat the transaction as authorised. It follows that I do not require HSBC to refund the £999 to Mr M.

### *The account closure*

Mr M says that HSBC breached regulations by closing his account, because it was a basic bank account (BBA). He says it's his human right to have a BBA and therefore HSBC has

made an error.

The Payment Accounts Regulations 2015 set out BBA eligibility requirements. If a customer has a basic bank account, and no other accounts, then there are only really limited circumstances where a bank can close it. But, if that same customer has access to another account, they will no longer qualify under the BBA criteria, so the bank can go ahead and close it.

Here, I understand that Mr M set up the HSBC account to use as his main account, however he's told us that he had access to another account as well. I understand that HSBC closed the account the same day it sent him a letter to notify him of the same (30 December 2024). Whilst the Terms and Conditions of Mr M's account allow HSBC to do this (and in view of what I've said above about BBA eligibility criteria), I do think it could've given Mr M notice, rather than closing it immediately. However as Mr M has told us he had access to another account, I don't think HSBC's decision to close it immediately means that he was otherwise inconvenienced to the point where I think compensation is warranted to reflect his trouble and upset. As such, I don't require HSBC to do anything further.

### **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 M to accept or reject my decision before 8 September 2025.

Lorna Wall  
**Ombudsman**