

The complaint and background

Miss J complains HSBC UK Bank Plc ('HSBC') won't reimburse her £600 that she lost when she fell victim to an investment scam company.

Miss J is also unhappy with the way in which HSBC handled her claim and considers that they ought to have raised a chargeback dispute in order for her to recover her funds.

Our investigator didn't uphold the complaint. He didn't think the single debit card payment of £600 looked suspicious such that HSBC ought to have made additional checks before processing it.

And the investigator didn't consider Miss J's chargeback dispute had any prospects of success as she was unable to provide sufficient supporting evidence as required by the rules of the scheme provider (Visa). The investigator didn't consider that HSBC could have done more.

HSBC awarded £150 to Miss J to compensate her for the delays she experienced in how her chargeback dispute was handled which the investigator considered fair.

In response, Miss J clarified that her complaint solely related to the chargeback process and HSBC's handling of this. She remained unhappy that HSBC continuously failed to contact her for more information and to update her about her claim. She considers that HSBC ought to have submitted her claim, and she missed the opportunity to do so as a direct result of HSBC's lack of communication.

The investigator reiterated their points addressed in their original findings around the handling of the chargeback claim and the compensation awarded.

Miss J disagreed. She maintained that she was never told by HSBC that a dispute can't be raised because she didn't have sufficient evidence. Therefore, she didn't consider the £150 compensation to be adequate and wants HSBC to provide a full refund of £600 because she says they failed to raise a chargeback dispute.

As the matter could not be resolved, Miss J has asked for it to be referred to a decision.

I issued my provisional decision on 15 May 2025. In this, I said:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As Miss J has since confirmed with the investigator, her complaint solely relates to HSBC's handling of her chargeback dispute. Therefore, my decision seeks only to respond to this part of her complaint.

When someone buys something with their debit card and it goes wrong, in certain scenarios, the card issuer can sometimes help them obtain a refund by raising a chargeback on their behalf. The issuer isn't obligated to do this, but I would consider

it good practice for a chargeback to be attempted where the right exists and there are reasonable prospects of success.

The chargeback rules are set by the relevant card scheme – in this case Visa. These rules contain conditions that must be met for a claim to be considered valid. And our role in such cases is to determine whether the regulated card issuer (i.e. HSBC) acted fairly when presenting (or choosing not to present) a chargeback on behalf of its cardholder.

I must be clear from the outset, whilst Miss J has since said the merchant she paid was a scam, there is no option within the scheme rules for a bank to raise a chargeback claim because someone has been scammed. Therefore, I've looked at what reasons HSBC could've raised a chargeback.

When Miss J submitted her chargeback form to HSBC, she selected the option 'The goods or services were not delivered at all'. Miss J went on to detail that the service she'd paid for was an AI robot and she expected high returns over 3-4 months. She went on to explain she was required to invest money into the platform following which their robot places trades in order to get high returns. But once she transferred funds in, she didn't have access to the account, and she had since lost contact with the merchant. Miss J says she was advised that her money invested had been lost because the trades weren't successful and that the amount invested was too little for them to promise high returns.

Upon receipt of her dispute, HSBC asked Miss J to provide more information so that it could better understand her claim. Miss J went on to repeat that after the account was set up and she transferred funds in, she was locked out of the account and had been unable to contact the merchant.

In order to succeed with a claim under Visa's reason code 13.1 Merchandise/services Not Received, the scheme rules set out what supporting documentation/certification is required. This includes supporting documentation/certification that:

- Services were not rendered by the expected date/ time*
- Cardholder attempted to resolve with the Merchant*
- A detailed description of the merchandise or services purchased*

Miss J's submissions included evidence of interactions she had with the merchant following her purchase of its software. The interactions with the merchant before the purchase date also explain that it is software being purchased 'which scalps the market, meaning once set up the robot will open positions for you based on an algorithm which has shown to have a high success rate and yield profits'.

That said, Miss J's submissions do confirm that she was able to deposit funds onto the platform and was advised by the merchant that her money invested had been lost because the trades weren't successful.

The sort of evidence I'd typically expect to see in such claims are:

- Proof of purchase – including details of what exactly has been purchased. That might be in the form of an invoice or a receipt*
- Terms and conditions which underpin the contract for the purchase being made.*

I'm satisfied that Miss J has been able to provide evidence that she's attempted to resolve matters with the merchant. But whilst she's been able to provide some of the supporting documentation required, there's an absence of important evidence I'd typically expect to see in such claims. And Miss J has confirmed she has no further evidence to provide beyond what she's already provided. Furthermore, Miss J's submissions would indicate the services she paid for were received – that being access to the software itself. In light of this, I'm not satisfied there were reasonable prospects of success under the reason code 13.1 Merchandise/ services Not Received.

Considering Miss J's descriptions set out in her chargeback dispute it might be inferred whilst she selected the option Merchandise/services Not Received, what she's gone on to describe either amounted to the goods or services were 'not as described' or 'misrepresented'.

By its very nature trading is high risk and unfortunately here, it appears Miss J's subsequent investment (after the purchase of the merchant's software) have been lost in their entirety.

Similarly, the scheme rules also set out what supporting documentation/ certification is required under those reason codes. And the sort of evidence I'd typically expect to see in such claims aren't too dissimilar to that which I've already set out above. So even if I were to consider that a chargeback dispute could've been raised under the reason codes goods or services were 'not as described' (13.3) or 'misrepresented' (13.5), given Miss J's limited evidence, I'm still not satisfied her claim had reasonable prospects of success.

Therefore, I can't fairly and reasonably uphold this aspect of her complaint.

Miss J also considers that HSBC's handling of her chargeback meant she was prevented from raising a claim within the time limits available to her. And therefore it should provide her a full refund. But for the reasons I've set out above I don't think HSBC acted unfairly or unreasonably in not attempting a chargeback. By her own admission, Miss J had nothing further to provide, so even if HSBC had handled that process better, she would not have been in a position to provide what was needed for a valid chargeback attempt.

That said, HSBC apologised to Miss J for the poor service received during her chargeback claim and paid £150 compensation.

Miss J maintains never once did HSBC tell me I can't raise the dispute because the evidence I had was not enough... Following her initial claim form, HSBC asked Miss J to provide more specific evidence. Thereafter, HSBC wrote to Miss J by letter dated 30 January 2024 where it explained it was unable to assist her due to insufficient details required to proceed with the chargeback request.

I do think HSBC could've handled Miss J's claim better. As a matter of good customer service, I don't think it's unreasonable to expect HSBC to have engaged with Miss J about her submission and the limited evidence she had submitted. As far as Miss J was concerned, she'd done everything she could to explain things. So, if something wasn't clear to HSBC, it ought to have engaged with Miss J directly and been more specific about what she'd provided to them and why that wasn't sufficient and therefore why it was unable to pursue a chargeback.

In response to Miss J's complaint, HSBC apologised to her and paid £150 compensation for the poor service she'd received during her chargeback claim – which she verbally accepted during a telephone call with them. Whilst I accept that HSBC could've handled Miss J's chargeback claim better, I'm satisfied the apology and £150 to compensate her for this is fair and reasonable. This compensation is separate to the amount she lost as a result of her purchase and is not intended to reimburse that.

HSBC agreed with the provisional decision, but Miss J didn't. In response Miss J explained she is not complaining about the rules of chargeback. Rather, she's complaining about the negligence from HSBC which she says was the reason she lost out on raising her chargeback. Miss J also disputes that HSBC wrote to her and that when she called about her dispute, she was advised they couldn't find one. Miss J went on further to explain that banks now have a new process which means that HSBC has to refund her. She reiterated that this was part of a crypto scam and she couldn't send more information because she didn't have any.

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, while I know how disappointing this will be for Miss J, I'm not minded to depart from what I've already set out within my provisional decision.

I've carefully reviewed Miss J's response and in considering her comments around chargeback I'm satisfied that I've already considered these before issuing my provisional decision.

I understand Miss J isn't complaining about the rules of the chargeback scheme per se. However, I felt it important to set out the rules of the scheme, as these set the requirements that are needed in order for a valid chargeback to be raised.

My provisional decision explained why I'm satisfied the apology and £150 to compensate her were fair and reasonable. Whether or not Miss J received correspondence referenced within my provisional decision, I'm not satisfied that HSBC's handling of Miss J's chargeback dispute was the reason it could not proceed. It remains that the information needed to raise a valid chargeback was simply not available. And this is further endorsed by Miss J's latest response where she reiterates, she couldn't send more information because she didn't have any. So Miss J didn't lose her chance to raise a chargeback because of any failings by HSBC, but because she couldn't meet the requirements of the scheme for a valid chargeback attempt to be made.

I now turn to Miss J's comments that banks now have a new process which means that HSBC has to refund her. From the screenshot provided by Miss J, it's evident she's making reference to the Payment Systems Regulator's authorised push payment fraud reimbursement rules. Unfortunately, these rules don't apply in Miss J's circumstances for two primary reasons:

- they don't apply to card payments – as these are not a form of push payment and
- the new rules came into effect from 7 October 2024 and aren't retrospective. Miss J's disputed transaction took place in November 2023.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss J to accept or reject my decision before 16 June 2025.

Mark O'Connor
Ombudsman