

The complaint

Mr E complained because HSBC UK Bank Plc refused to refund him for cash machine withdrawals which he said he hadn't made.

What happened

Mr E switched his bank account to HSBC in early October 2024. He received an email on 9 October which confirmed his new account was open, and said that within the next seven days it would be sending him his new card, PIN, sort code and account number, and telephone security number. The message said that the telephone security number could take up to 14 days to arrive. It also advised Mr E to register for the mobile banking app as soon as the bank sort code and account number arrived. It said *'if you don't receive any of the above, please let us know.'*

The switch from Mr E's account with another bank was completed on 22 October, when £10,000 was credited to Mr E's new HSBC account. The money arrived in the morning.

That evening, there was the first of many cash withdrawals. These took place at a number of different machines and used Mr E's genuine card, with its unique chip, and the correct PIN. The last one took place on 11 November. The total came to £5,603.98.

Mr E says he mostly works away from home, and that when he got home on 12 November he hadn't received his new card or PIN. So he went to a branch on 13 November, where they printed out the transactions for him. Mr E said he was shocked. He spoke to HSBC's fraud team on the phone from the branch, and told them he'd never received the new card or the new PIN.

HSBC gave temporary refunds while it investigated. After investigating, it refused to refund Mr E, and reversed the temporary credits. In its letter of 2 December, it said that its reasons included that there had been credit paid in just before the activity, which enabled the spend; and that there had been gaps in the spend which wasn't typical of fraud.

Mr E complained.

HSBC sent Mr E its final response letter on 12 February 2025. In this, it said it wouldn't refund Mr E because:

- there had been no attempt to maximise spending on the card at retailers. This wasn't typical of fraud;
- there were gaps in the spend, and it happened over several weeks. This too wasn't typical of fraud;
- there had been a credit to the account which facilitated the spend;
- the transactions had started the day the account was open. There had been no attempts before that. HSBC couldn't understand how someone would know the account had been opened that day;
- HSBC had emailed Mr E on 9 October saying his card had been issued. It had taken Mr E over a month to contact HSBC to say he hadn't received the card. HSBC

couldn't understand why there had been such a delay in contacting the bank, as this had allowed the transactions to continue.

Mr E wasn't satisfied and contacted this service. He set out what had happened and said HSBC had exaggerated when it said the transactions had lasted several weeks. He said that with the 14 days waiting time for the card, transactions had only gone on for just over two weeks. He said he couldn't have known that the card wasn't waiting for him at home. He said it was wrong to suggest that withdrawals had started on the same day the account was opened, because it had been opened on 9 October and the withdrawals started on 22nd. Mr E said that HSBC knew it was a new account so the transactions should have triggered a stop on the account until they could confirm with the account holder.

Our investigator initially upheld Mr E's complaint. She said that the cash machine withdrawals would have needed the physical card and correct PIN. So she considered whether a third party could have obtained Mr E's card and security details. HSBC had provided evidence that the debit card and PIN had been sent to Mr E's address, and a confirmation email sent to Mr E telling him this. HSBC said the PIN would have been sent between one and three days later, so it wasn't in the same post as the card. But as HSBC hadn't shown when the PIN had been sent, the investigator wasn't satisfied that it hadn't been sent in the same post as the card. The investigator looked at the pattern of withdrawals and considered HSBC should refund Mr E.

The investigator then received more information both from HSBC and from Mr E. This included delivery information from HSBC, and Mr E's bank statements with two other banks.

The investigator then issued a revised view. She said that Mr E had said he was away at work elsewhere in England between 14 October and 10 November. But his bank statements with the other banks showed that during this time, there had been several transactions made a few minutes from his home address, as well as where he said he'd been working. So the investigator believed Mr E had gone home during this time.

The investigator also said that HSBC had shown that the debit card had been created and ordered to Mr E's address, and there had then been a confirmatory email on 9 October telling Mr E. HSBC had also now provided evidence that on 93% of occasions the card and PIN would arrive on separate days. And they were sent from different locations. As the card and PIN would be likely to have arrived on different dates and from a different location, it was unlikely they'd have been intercepted. So the investigator couldn't see how a third party could have obtained Mr E's card and PIN without his consent. She believed that the disputed transactions had been made by Mr E, or someone acting with his knowledge and consent. So HSBC didn't have to refund him.

Mr E didn't agree. There were several emails between him and the investigator. In summary, he said:

- his work involved sometimes taking people into the city where he lives. When he does so, he's on duty and couldn't go home;
- he wanted proof that the card and PIN had arrived at his home;
- he wanted evidence to show that 100% of cards and PINs arrived as HSBC had said, not 93%;
- he reiterated that he hadn't seen the card or PIN, and hadn't authorised anyone else to use them.

Mr E 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.

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.

So what I have to decide is whether it's more likely than not that Mr E, or a third party fraudster, authorised the disputed cash withdrawals. If Mr E allowed someone else to have and use his card and PIN, that would count as Mr E authorising the withdrawals too.

I recognise that Mr E has asked for 100% certainty that the HSBC card and PIN arrived at his home, and on separate days. But that isn't how it works. We take decisions on what we think is fair and reasonable, in all the circumstances of each complaint, and what's more likely than not to have happened.

The technical computer evidence shows that the disputed transactions were carried out using the genuine card, with its unique chip. They were also made using the correct PIN. There are 10,000 possible combinations of a four-digit number, so the PIN couldn't have been guessed. So whoever made the cash withdrawals had access to both the genuine card and the correct PIN.

If a third party fraudster made the withdrawals, they'd have had to obtain Mr E's new card, and his new PIN. Banks send these separately, and HSBC has shown that it sent them from different parts of the country too. Banks also send these in plain envelopes which don't disclose what's inside. Mr E's evidence is that when he got home, he found other letters waiting for him – just not the card and PIN. I consider it's most unlikely that any fraudster could somehow have obtained both separate items of post, in unmarked envelopes, from Mr E's post, but all his other expected post was still there when he returned.

It would also be highly unlikely that any hypothetical fraudster would have known when the money would be transferred from Mr E's former bank, into his new HSBC account. The account was approved and Mr E notified on 9 October. But the £10,000 funds didn't transfer until 22 October. As I've set out above, the money arrived in the morning of that day, with the first disputed cash machine withdrawal the same evening. There were no attempted withdrawals before then, so whoever made the withdrawals knew when the money had credited the account.

I've considered Mr E's evidence about his location during this time. He initially said he was away for work from 14 October to 10 November. When he sent us his bank statements for two other banks, this showed that he'd actually made transactions in the city where he lived during this time. I'm not persuaded by Mr E's explanation that he only did so when he was on duty and couldn't have gone home. While I accept that when on duty in working hours he couldn't have gone home, it's very unlikely that Mr E's employer would have made him work without any days off or rest days for the whole period between 14 October and 10 November. The two locations are also not all that far apart in terms of distance or travelling time.

I've taken into account the fact that it took Mr E so long to report that he hadn't had his card or PIN. They were both ordered, separately, on 9 October, so were likely to have arrived within a few days of that. I consider it's likely that Mr E was at his home address for some of the time before he contacted HSBC on 12 November. So I'd have expected him to have reported the non-delivery much earlier than he did.

Finally, I don't agree with Mr E when he said that HSBC should have stopped the withdrawals because he was a new customer. The transactions had been made using Mr E's valid new card and correct PIN, and HSBC had no reason to query them.

Taking all these factors into account, I consider it's most likely that Mr E carried out the disputed cash withdrawals himself. If he didn't but allowed someone else to use his card and PIN, that counts as Mr E authorising the transactions. 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 E to accept or reject my decision before 1 August 2025.

Belinda Knight
Ombudsman