

The complaint

Mr M complains about the way HSBC UK Bank Plc ('HSBC') handled his refund request.

What happened

On 26 October 2024, Mr M purchased software via an online business – I'll refer to this business as 'T'. The software related to trading on the financial markets and Mr M paid a total of 550 US dollars for this item using his HSBC debit card. Soon after the purchase, he asked HSBC to initiate a chargeback. Mr M said he thought he'd been 'scammed' because, amongst other things, T was supposed to be regulated by the Financial Conduct Authority (the 'FCA') but wasn't. Mr M also said T was based outside of the UK, which wasn't disclosed to him at the time of sale.

HSBC asked Mr M for details to support his chargeback, but he was having difficulties attaching documents to its (electronic) 'dispute declaration form' ('DD form'). He spoke to a HSBC agent who explained that if Mr M was unable to attach documents to the DD form, he could send the requested information by post or take the documents into a HSBC branch. The chargeback was re-opened but, ultimately, HSBC declined to pursue the matter further due to insufficient evidence. Mr M complained. And when HSBC maintained its position, he referred the matter to us.

Our investigator didn't recommend upholding this complaint. They didn't think HSBC had acted unreasonably or unfairly in the way it handled Mr M's chargeback. Mr M disagreed with this view and asked for an ombudsman to review his complaint. I issued a provisional decision. HSBC said it didn't have anything further to add. Mr M reiterated his complaint points saying he didn't think HSBC had acted in line with its regulatory duties. So, the matter has been passed back to me to reconsider.

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.

I thank Mr M for his further comments. And I appreciate he doesn't agree with my outcome. But I can't see that he's added anything substantially new. I note he maintains that HSBC hasn't acted in accordance with its regulatory obligations. But for the reasons I'll set out below, which repeats my provisional findings, I'm satisfied it hasn't acted unfairly or unreasonably here. I'll explain why.

HSBC could've helped Mr M with his dispute with T via the chargeback scheme, who, in this case, is run by Visa. A chargeback is a mechanism for resolving disputes between cardholders and merchants (retailers). What this means here is that HSBC can, in some circumstances, ask for a transaction to be reversed if there's a problem with the goods or services supplied by the merchant. But the chargeback process doesn't give consumers legal rights, and it isn't guaranteed to result in a refund. It all depends on what evidence is supplied in line with the scheme rules. Generally, I'd consider it to be good practice for HSBC to raise a chargeback if it had a reasonable prospect of success.

The relevant reason codes (rules) under the Visa chargeback scheme which I think are most relevant here are 'misrepresentation' or 'goods/services not as described'. Both of these chargeback rules have some common conditions including requiring: an explanation of how the goods/services didn't match what was described; evidence of the cardholder attempting to resolve the dispute with the merchant (T); and evidence of the cardholder cancelling the service or attempting to cancel the service (or returning the goods).

In the HSBC's DD form (dispute declaration form), Mr M was asked questions relevant to these conditions including (asking for): a covering letter explaining what service was purchased; a covering letter explaining what was misrepresented; evidence of what was 'not as described'; evidence of cancellation or attempting to cancel the service; and evidence of attempts to resolve the matter with T.

In the first DD form signed by Mr M on 14 November 2024, he ticked boxes for most of the questions as 'detail/evidence not available'. And in response to the question 'proof of what was purchased', he provided comments. Mr M's comments were that, in his view, he'd been 'scammed' by T and it was 'misleading people'. He added he wasn't told about the country T was based in – he said he was misled about this. In the second DD form signed by Mr M on 18 November 2024 – which was re-sent to him by HSBC because it didn't think it had enough to progress the chargeback – Mr M comments were that he'd provided everything he had. He went on to say 'fraud means fraud' and that he simply wanted his funds back.

Taking everything into account as I've set it out above, and whilst I sympathise with Mr M's situation, I don't think his chargeback had a reasonable prospect of success. I say this because he hadn't met a number of the conditions for there to be a valid chargeback under the relevant reason codes for 'misrepresentation' and/or 'goods/services not as described'. He hadn't, for example, provided evidence of what the service was and why that service hadn't been as described. Or evidence showing how he'd tried to resolve things with the merchant. And he hadn't shown any evidence of either cancelling the service or trying to do so. I also note that under the relevant reason codes, where there are allegations of 'fraud' being made, which is the case here, this can also invalidate the chargeback. But I think the main point here is, in my view, Mr M hasn't provided sufficient information to support a finding that HSBC acted incorrectly in not initiating a chargeback.

I note Mr M complained to HSBC because of difficulties he was having attaching documents to the DD form. But I can hear that the HSBC agent Mr M spoke to on 27 November 2024, gave him alternative ways to submit evidence including by post or taking any documents into a branch. Mr M also says he didn't submit evidence because an agent told him he wouldn't need to. But this isn't consistent with all the other information provided to him both over the phone on 27 November 2024 and in documents HSBC sent to him. I also note in his second DD form the reason he gave for not providing the requested evidence was because he'd provided all that he had.

In any event, even if I were satisfied a HSBC agent had told Mr M that he didn't have to provide everything (which I'm not) – and he'd relied on this – I don't think he lost out. I say this because the evidence he's provided to us, which he said he would've provided to HSBC given the chance, for example, doesn't show him trying to resolve things with T, or meeting any of the other chargeback conditions as I've set them out above. Mr M says in one message to T that he thought it was a 'fraud' and 'scam' but I can't see anything more detailed than this. On balance, I can't reasonably or fairly conclude HSBC has acted incorrectly in terms of its decision to not initiate a chargeback. And I think it provided Mr M with clear, fair and not misleading information about what was required.

Mr M also complains about HSBC's customer service. In particular, he complains about the agent he spoke to on 27 November 2024. However, having listened to this call, I can't reasonably or fairly conclude the agent was 'rude' or 'aggressive' as Mr M describes. The agent did terminate the call when she felt Mr M was 'shouting' and communicated her reasoning for doing so both during that call and in a follow up letter. I also note when Mr M explained the difficulties he was having attaching evidence to his DD forms, the agent, fairly in my view, arranged for the chargeback to be re-opened. As noted above, the agent also suggested alternative ways to submit any evidence. Overall, I don't think the agent acted unreasonably or unfairly during this call.

I note Mr M considers HSBC should've done more to address the fact, in his view, T was not registered with the FCA. It's unclear to me whether T should be regulated by the FCA or not. But either way, I don't think HSBC has done anything wrong here. It's primary role here was to assist Mr M with his dispute with T, which I'm satisfied it did fairly and reasonably. It's, of course, open to Mr M to report T to the FCA if he feels that firm is doing anything wrong in regard to not being regulated if he considers it should be.

So, whilst I know this will be a disappointing outcome for Mr M, I'm not upholding this complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 26 August 2025.

Yolande Mcleod
Ombudsman