

The complaint

Mr J complains that HSBC UK Bank Plc ("HSBC") failed to refund transactions he didn't recognise.

What happened

Mr J explained that he was overseas and visiting a bar. He said that after arriving, another customer attempted to warn him about the bar because they were scamming people. Mr J stayed at the bar for about three hours and made two payments using his credit card.

He said the manager approached him for the first payment with a paper bill in the local currency. Mr J was given a card machine to use with his credit card. Mr J said the manager stepped away and entered the amount into the machine. Mr J said he was distracted by the staff at the time. Mr J was given back the machine and entered his personal identification number (PIN). He received a fraud warning from HSBC about the payment. Mr J used his HSBC banking app to confirm the payment and the transaction was accepted.

Mr J said he believed he was paying about £150 in Sterling equivalent. Mr J stayed at the bar for a while and said the staff were reluctant to let him leave. Mr J insisted on paying his outstanding bill and was again given the card machine. The manager again stepped away from Mr J whilst he entered the amount, before Mr J confirmed the payment by entering his PIN. Mr J wasn't provided with a receipt or bill during his stay.

Mr J left the bar and said he realised the bills had been inflated. He contacted HSBC about the issue when he returned to his hotel. Mr J later said that the manager had added a 0 onto the bills.

Mr J was told that the payments couldn't be stopped and would have to wait for them to complete before he could challenge them. Mr J returned to the bar the next day to raise the overpayment made by the bar. They presented him with two receipts showing multiple items that Mr J said he never ordered.

Mr J later said it wouldn't have been possible to consume the amounts he was charged for and he believes he was scammed.

Mr J continued to discuss the issue with HSBC through numerous phone calls and correspondence. He asked HSBC to challenge the payments and denied authorising the amounts he was charged for. Mr J said he only authorised much smaller amounts.

HSBC looked into the issue and asked Mr J to complete forms to assess whether a chargeback could be used. HSBC concluded that no refunds could be given, nor could they challenge the payments using a chargeback.

Mr J complained and argued that he had additional protections because he used his credit card. He wanted HSBC to continue to try and obtain a refund. HSBC didn't think they could return the funds and as Mr J had authorised the payments, they were unable to offer a refund. They did acknowledge that during one of the calls, they misdirected Mr J and offered

£50 compensation. Mr J disagreed with HSBC and brought his complaint to the Financial Ombudsman Service for an independent review of his issue. He maintained that HSBC were wrong to decline a refund and should've pursued other ways to obtain the funds he lost. Mr J also wanted HSBC to pay towards his phone calls.

An investigator reviewed evidence provided by both parties. It was concluded that HSBC had acted fairly based on Mr J authorising the payments himself. The investigator didn't think that either chargebacks or S75 Consumer Credit Act 1974 were appropriate here and the payment of £50 which resulted in an overly long call was reasonable.

Mr J disagreed with the investigator's outcome and continued to argue that he wasn't liable for the two payments taken from his account. Mr J wanted to clarify that he was only seeking a refund of the overcharged amount, and he was happy to pay the original amounts given to him in the bar. There was some disagreement over the fraud messaging and attempts to make the payments.

Mr J argued that the receipt he was given is false and he couldn't have obtained one on the evening as the bar wouldn't provide them because they were involved in the scam. Mr J said the amounts were far above what he'd normally spend, and various other persons had had similar experiences in that same bar.

Mr J was concerned that the chargeback rules hadn't been followed and HSBC could've used it to challenge the amounts paid in the bar.

As no agreement could be reached, the complaint has now been passed to me for a 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.

Having now done so, I won't be upholding this complaint. I'll explain why I've reached this decision.

Firstly, I'd just like to say I was sorry to hear of Mr J's experience in the bar he visited. I don't want this decision to come across as somehow blaming Mr J himself for the loss of his funds. But, I do think it's relevant to explain the scope of the complaint he's made. It's not HSBC's role to satisfy the loss of the funds where there's no real fault that can be laid at their door. There are occasions when someone loses funds, but the bank have played the part we'd expect of them, so that generally means, as it does here, that although I don't doubt Mr J was taken advantage of by the bar, I can't ask HSBC to put that right in these particular circumstances.

I say that because by inputting the PIN into the card machine and using his credit card, Mr J completed the necessary steps to authorise the payment. That means he gave consent for the two transactions. The Payment Service Regulations 2017 (PSRs) – being the relevant act here detail what steps are necessary for the payment to be made.

Having reviewed the audit data provided by HSBC and reviewed Mr J's own testimony, I'm satisfied that he made the two transactions himself. That means for the purposes of the PSRs, the transactions were authorised.

There are occasions when we'd expect HSBC to intervene if the payment appeared suspicious as the first one did here. I'm aware that there's been some disagreement about

what happened. But, reviewing the records, I don't have any reason to doubt that two attempts to take the funds were initially blocked by HSBC before they sent a request to Mr J in the banking app to check whether the first transaction was legitimate. Once Mr J gave that confirmation, the payment was released, and this meant the second one would not receive the same block.

So, I don't think that HSBC acted unfairly here because they initially blocked the attempt before checking with Mr J that it was a legitimate payment. Mr J had a number of opportunities here to reject the payment, so I don't think it would be reasonable to hold HSBC liable for them.

Once the transactions were authorised, there's little HSBC could've done until they were finally collected by the merchant (the bar). Once that happened, HSBC had a number of ways to potentially pursue the funds. The first was a chargeback. This is a scheme run by the card issuer (here VISA) and its voluntary.

There are no rights to a chargeback, but I'd expect HSBC to use the system if there was a reasonable chance of success. Here I don't think there was. The system relies on evidence and Mr J was essentially arguing that he was overcharged. In order to process such a chargeback, HSBC would have to have evidence that there was a difference between what Mr J received in the bar and what he was charged. He was only provided one set of receipts which he obtained the following day. Mr J believes those receipts were manufactured by the owner to cover what he'd been charged. Whilst that may be the case, the issue here is that there are no other records to rely on supporting the difference in the pricing. So, without such evidence, I don't think there was much chance of success, and I think it was both fair and reasonable that HSBC declined to pursue the chargeback.

I understand Mr J also wanted HSBC to use S.75 of the Consumer Credit Act 1974. In order to use this section of the act, any single item must be over £100. That wasn't the case here, so I'm afraid this wasn't a realistic option to recover all or some of the funds.

Overall here, I don't think HSBC acted unfairly towards Mr J when they declined to refund him. I also consider the payment they made for the communication delays was a reasonable way to recognise this inconvenience caused to Mr J.

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 J to accept or reject my decision before 1 September 2025.

David Perry
Ombudsman