

The complaint

Mr A complains HSBC UK Bank Plc (trading as first direct) didn't do enough to protect him when he fell victim to an alleged scam.

Mr A is being represented by a third party. However, to keep things simple, I will refer to Mr A throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat everything here. In summary, Mr A came across an advert for a company, who teaches individuals how to trade, who I will refer to as 'S'. Mr A signed up to the training course and created an account on S's AI trading analysis platform. Initially, in June 2024, Mr A made payments from an account he holds with another banking provider for a 3-day training programme, as well as monthly payments to allow him access to their trading platform.

In July 2024, Mr A made a debit card payment for £19,500 from his account with first direct for a 12-month membership with access to various training modules – on-line pre-recorded videos, as well as access to the trading platform. The payment was made via another company with links to S, who I will refer to as 'K'.

Mr A says he didn't receive the service he paid for – specifically he had problems accessing the training videos, restrictions on signing up for course material and training, and an overall frustrating experience, which resulted in having to spend a lot of time speaking to S's technical support team. Mr A was also unhappy he couldn't upgrade his trading account which was one of the main reasons for him signing up to the 12-month subscription. Overall, he feels the lack of transparency from S represents both a deceitful and unfair business practise and despite him trying to resolve the situation with S directly they are now ignoring his communications, so he feels he has been scammed.

first direct declined to refund the payment to Mr A – in summary it said there was no evidence this was a scam, and that it didn't think it should have done more to prevent the payment.

The complaint was raised to our service. Our Investigator didn't uphold it. In, short, she said, we didn't have enough evidence to support that Mr A had been scammed. She also didn't think first direct made an error by not intervening in the payment or that it was unreasonable not to attempt a chargeback, as it was unlikely to be successful as he had received the service he paid for.

Mr A didn't agree. In summary, he said, first direct should have intervened as the payment was uncharacteristic for his normal account activity and if it had asked open and probing questions the scam would have been uncovered. Also, the payment was made after Consumer Duty regulations had been introduced, which makes it clear that banks need to avoid foreseeable harm to their customers, requiring banks to be proactive when delivering good customer outcomes. He also provided some links to articles and reviews about S and K to demonstrate it was a scam.

As no agreement could be reached, Mr A's complaint has been passed to me for review and 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 done so, I'm not upholding this complaint for similar reasons to the Investigator. I need to decide whether first direct can fairly and reasonably be held responsible for Mr A's loss. Overall, I've decided that it can't be. I'll explain why.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. Here, it isn't disputed that Mr A knowingly made the payment and so, I'm satisfied he authorised it. Therefore, under the Payment Services Regulations 2017 and the terms of the account, first direct are expected to process Mr A's payment, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for first direct to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

In any case where an allegation of a scam has been made, I first need to consider, so far as is reasonably possible, whether the complainant has in fact been scammed. This is important because the expectation on banks and other payment service providers to be on the look-out for and protect their customers against the risk of fraud and scams isn't triggered where there has been no fraud or scam. It also wouldn't be fair to require first direct to reimburse Mr A for funds lost to a bad investment.

I've carefully considered the information and the arguments put forward by Mr A. Having done so, I've not seen sufficient evidence to conclude that Mr A has lost money to a scam. I'll explain why.

On the evidence available, is it more likely than not that Mr A made the payment as part of a scam?

Not every complaint referred to us as a scam is in fact a scam. Some cases involve companies whose business practices were arguably unethical and/or misleading. However, whilst customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

Based on the evidence that Mr A has provided, I'm not satisfied he's proven that he's suffered a financial loss as the result of a scam. I say this because:

- K is a UK incorporated company which has been activity trading for a significant period prior to Mr A making his payment.
- I've considered the external blogs and reviews Mr A provided about other people's experiences with this supplier. I appreciate some of the reviews from users say they also feel misled and that it's a scam, but there are also a significant number of positive reviews.

- I'm also conscious that Mr A had used S's services one month prior to the 12-month membership he purchased from his first direct account. This included a three-day training program, as well as a monthly subscription to access the trading platform.

It's important to explain that Mr A being dissatisfied with the goods and services that S and K provided, doesn't mean that he was the victim of a scam. And, based on the information I've seen, I'm not satisfied that Mr A has proven he was the victim of a scam. So, I can't fairly hold first direct liable for his loss.

I've noted the comments of Mr A about the Financial Conduct Authority's Consumer Duty and I've taken account of first direct's obligations following its introduction, but I'm not persuaded this changes the outcome here. While first direct was expected to avoid causing him foreseeable harm, I'm not persuaded its actions (or failure to act) were the cause of the harm he has said he suffered, nor do I think that harm was reasonably foreseeable given the information that was available to first direct at the time he made the payment.

I've also considered whether, on being alerted to the scam, first direct could reasonably have done anything more to recover Mr A's losses, but I don't think they could. As the payment was made via a debit card, the only available method of recovery was a chargeback. first direct has said it asked Mr A to provide the contracts he signed and any Terms and Conditions he was provided with in relation to the payment and it would review the details and see if they were able to raise a dispute. first direct have said as no information was provided, they were not able to consider a dispute. So, I wouldn't have expected first direct to have done anything else to help recover Mr A's funds.

For the reasons explained, I'm not satisfied Mr A's financial loss is as the result of a scam, so, I can't fairly ask first direct to refund him.

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 A to accept or reject my decision before 17 October 2025.

Israr Ahmed
Ombudsman