

The complaint

Mr and Mrs B complain that HSBC UK Bank Plc, trading as first direct, won't refund the money they lost when they were the victims of a scam.

What happened

In July 2023, Mr B made a payment using a credit card to purchase a training course he thought would teach him how to trade online. He was then contacted by someone from the training company, who encouraged him to make a further payment to purchase additional training. So Mr B then made a payment of £2,499 from a first direct joint account he held with Mrs B.

A few days later, Mr and Mrs B discovered that the training company had installed spyware on their computer. They contacted the company to ask for a refund but, when it didn't agree and ended their call with it, Mr and Mrs B then reported the payments to first direct and asked it to refund the money they had lost.

First direct investigated but said it couldn't cancel or reverse the payments once they had been made. It also said it didn't receive enough evidence from Mr and Mrs B to raise a dispute for the payments, so it didn't agree to refund them. Mr and Mrs B weren't satisfied with first direct's response, so referred a complaint to our service.

One of our investigators looked at this complaint. They didn't think first direct should have been expected to do more to prevent the payments being made, and had acted reasonably in not pursuing disputes for them. So they didn't think it should have to refund the money Mr and Mrs B had lost. Mr and Mrs B disagreed with our investigator, so the complaint has been passed to me.

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.

This complaint relates to the payment of £2,499 made from Mr and Mrs B's joint account with first direct. The earlier payment Mr B made using his credit card is being dealt with separately.

Did first direct do enough to protect Mr and Mrs B when they were making this payment?

Banks are expected to make payments in line with their customers' instructions. And Mr and Mrs B accept Mr B made the payment here. So while I recognise they now feel the money has gone to scammers, they did authorise the payment. And so the starting position in law is that first direct was obliged to follow their instructions and make the payment. So Mr and Mrs B aren't automatically entitled to a refund.

The regulatory landscape, along with good industry practice, sets out requirements for banks to protect their customers from fraud and financial harm. So, in line with this, I think first direct should fairly and reasonably:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

But the payment Mr and Mrs B made here wasn't for a particularly large amount, or for an amount where I would have expected first direct to identify it as suspicious based on its size alone. They'd also made a number of payments out of their account for what I consider to be similar amounts in the six months before this payment. The payment didn't leave the balance of their account at a particularly unusual level. And there wasn't anything else about it which I think should have caused first direct significant concern.

So I don't think it's unreasonable that first direct didn't identify that Mr and Mrs B could be at heightened risk of financial harm from fraud as a result of this payment. And so I don't think it's unreasonable that it didn't take any further steps or carry out any additional checks before allowing it to go through.

Should first direct have stopped the payment after Mr B reported it?

Mr and Mrs B have said they contacted first direct shortly after the payment was made, and it confirmed that it was able to either stop or recall the payment. But they haven't been able to provide a copy of the letter they say they were sent confirming this. And there's no record of first direct confirming this in any of the call recordings, letters or other records it has been able to provide.

In any event, this kind of debit card payment cannot be cancelled once it has been authorised. And, as I said above, Mr and Mrs B accept that they did initially authorise this payment. So, even if they did contact first direct shortly after the payment was made, first direct could not have cancelled the payment or stopped it being made at this point. And so I don't think any action first direct did or didn't take at this point could have prevented Mr and Mrs B losing their money.

Did first direct do enough to try to recover the payment?

Once they have been notified of a scam, we expect banks to take reasonable steps to try to recover any money their customers have lost – including making use of any available

chargeback scheme. So I've also considered whether first direct did enough to try to recover the payment Mr and Mrs B made.

A chargeback is a process by which card payments can be disputed with the merchant who took the payment, which in this case is the training company. But it is for the customer to provide evidence to support their claim, rather than for the bank to argue the case on their behalf. And we only expect a bank to carry out a chargeback where there is a reasonable prospect of it being successful.

First direct has said it requested further information from Mr and Mrs B to support their claim, but didn't receive the information it needed and so didn't pursue a chargeback claim. From what I've seen, I don't think first direct acted unreasonably in not pursuing a chargeback based on the information it received. And, even if Mr and Mrs B had sent first direct all of the information and evidence they have sent to our service, I still don't think this evidence is clear enough to make a chargeback likely to succeed. And so I still don't think first direct has acted unreasonably in not carrying out a chargeback here.

I sympathise with the position Mr and Mrs B have found themselves in and I appreciate that they have lost a significant amount of money. I'm also in no way saying they did anything wrong or that they don't have a legitimate grievance against the training company. But I can only look at first direct's responsibilities here and, for the reasons I've explained above, I don't think it would be fair to hold first direct responsible for the money they have lost.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs B to accept or reject my decision before 28 November 2025.

Alan Millward
Ombudsman