

The complaint

Mr B complains that HSBC UK Bank Plc, trading as first direct, won't refund the money he lost when he was the victim of a scam.

What happened

In July 2023, Mr B made a payment of £449 using his first direct 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 another payment to the company from another account he held with first direct.

A few days later, Mr B discovered that the training company had installed spyware on his computer. He contacted the company to ask for a refund but, when it didn't agree and ended his call with it, Mr B then reported the payment to first direct and asked it to refund the money he 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 B to raise a dispute for the payments, so it didn't agree to refund them. Mr B wasn'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 B had lost. Mr 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 £449 made using Mr B's credit card with first direct. The later payment Mr B made from another account he held with first direct is being dealt with separately.

Did first direct do enough to protect Mr B when he was making this payment?

Banks are expected to make payments in line with their customers' instructions. And Mr B accepts he made the payment here. So while I recognise he now feels the money has gone to scammers, he did authorise the payment. And so the starting position in law is that first direct was obliged to follow his instructions and make the payment. So Mr B isn'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 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. It didn't leave the balance of his 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 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 B has said he contacted first direct shortly after the payment was made, and it confirmed that it was able to either stop or recall the payment. But he hasn't been able to provide a copy of the letter he says he was 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 credit card payment cannot be cancelled once it has been authorised. And, as I said above, Mr B accepts that he did initially authorise this payment. So, even if he 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 B losing the money he did.

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

Section 75 of the Consumer Credit Act 1974 says that, in certain circumstances, a borrower under a credit agreement has an equal right to claim against the provider of the credit if there is a breach of contract or misrepresentation by the supplier of the goods or services.

But, from what I've seen, Mr B appears to accept that at least part of the initial training this payment was for was provided to him. So there would be no breach of contract or misrepresentation in relation to this payment. And, in any event, I don't think Mr B has provided sufficient evidence to support that there has been a breach of contract or misrepresentation in relation to this payment. And so I don't think first direct has acted unreasonably in not refunding the payment on this basis.

I sympathise with the position Mr B has found himself in and I appreciate that he has lost a significant amount of money. I'm also in no way saying he did anything wrong or that he doesn'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 he has 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 B to accept or reject my decision before 28 November 2025.

Alan Millward
Ombudsman