

The complaint

Mr S has complained about HSBC UK Bank Plc trading as first direct not refunding several payments he says he made and lost to two scams.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mr S fell victim to two romance-linked investment scams after he met scammers on an online dating app. Mr S believed the connections with the scammers to be genuine and so followed their coercive instructions, which ultimately led to him losing money to the investments. He sent the scammers funds from September to October 2024. After realising they were both scams Mr S contacted first direct.

In response, first direct agreed it could have done more to protect Mr S and refunded some of his losses. However, it also felt he should be held jointly liable because of his actions that led to the losses as well. Unhappy with this, Mr S referred the complaint to us. He explained he wanted us to: review both scams, compensate him for his remaining losses, implement stronger protection for vulnerable customers that could be falling victim to a scam, award £600 compensation for distress, anxiety and inconvenience caused by first direct's complaint handling failings, award 8% interest and indemnify him for any legal costs he will have to pay due to the scam.

Our Investigator, before the complaint was moved for a decision, reviewed Mr S's concerns but did not uphold the complaint. He found that Mr S should be held partially responsible for the losses that occurred and so first direct's offer was not unreasonable. He noted that first direct had refunded him more than it should have, as first direct did not consider that one of the scam payments was recalled to Mr S's account and so was not lost. Due to this our Investigator did not think anything further should be awarded as in total Mr S had received more than he should have. He also did not consider any service failing warranted any additional compensation.

Mr S did not agree with this outcome and requested a decision. As the complaint could not be resolved informally it has been passed to me to issue the final 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.

I'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Mr S has been the victim of a scam here – he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean he is automatically entitled to recompense by first direct. It would only be fair for me to tell first direct to reimburse Mr S for his loss (or a proportion of it) if: I thought it reasonably ought to have prevented all (or some of) the payments Mr S made, or it hindered the recovery of the payments Mr S made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether first direct treated Mr S fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr S's complaint. I know this will come as a disappointment to him and so I will explain below why I've reached the decision I have.

I have kept in mind that Mr S made the payments himself and the starting position is that first direct should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr S did not intend for his money to ultimately go to a scammer – but he did authorise these payments to take place. However, there are some situations where a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made. So, I've considered the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Having done so, I agree that it was reasonable of first direct to say it could have done more to protect Mr S. It is clear, as it accepts, that it could have done more to ensure Mr S's funds were not lost to these scams. Therefore, I will focus on those areas which are more in contention – such as the level of compensation awarded to Mr S following deductions for contributory negligence.

Contributory negligence (to the applicable payments)

I will first note that contributory negligence applies even where a failing to intervene earlier may well have meant later payments would not have occurred. Such an initial failing by the respondent does not mean the actions of the complainant, in this instance Mr S, become irrelevant. Where there were potential red flags which ought to have been noted by the complainant, or the complainant's actions were not always reasonable, the redress would be reduced to reflect this (which may be on the total amount, or specific payments). As explained by our Investigator this would usually be a 50% deduction to reflect both parties being jointly responsible for the losses.

I have kept in mind that Mr S has explained (briefly and in my own words) he was receiving medical treatment for poor mental health, suffering from grief due to a bereavement and recovering from a recent relationship breakup. This was no doubt something that was exploited by the scammers and used to exert pressure and control. Additionally, I am aware he did complete due diligence prior to sending funds. Alongside this, the fact Mr S downloaded the apps from a trusted well-known retailer would have added to the legitimacy of the individuals and the investments. They were both clearly sophisticated scams and the fact Mr S was able to withdraw some credits would have added to his belief in them.

However, with the above in mind, I still do have to consider Mr S's actions throughout the scam and if he did act reasonably. Or, if by his actions he was also partially responsible for the losses. Therefore, considering the below singularly and collectively I do think first direct's decision to deduct some of the redress for his actions is reasonable:

- The investment opportunities came from individuals Mr S had been introduced to via dating apps, which is not a usual way for introducing individuals to investment opportunities. Although I do not doubt the romantic connection and coercive tactics used to exploit his vulnerable situation, he was ultimately following the instructions of individuals he met online.
- When asked if he had a financial advisor Mr S did not inform first direct he was being advised, nor was he as forthcoming as he could have been as to the full details of what was taking place – such as where the opportunity came from. This highlights the belief Mr S had in these investments and those advising him to make payments towards them, or he may well have been more open with first direct.
- Mr S also confirmed to first direct that there was no third-party involvement and he was not being guided.
- Even though first direct did highlight some dangers of the situation / the potential of being scammed, Mr S still wanted to proceed. It specifically highlighted that scammers seek to have victims open new accounts to transfer funds to them. And also how scammers can seem convincing, appearing to offer genuine opportunities to make high returns, yet ultimately they are a scam.
- Additionally, the opportunities offered to Mr S were too good to be true and should have raised some doubts.

I do appreciate the coercive control Mr S says the scammers were applying to him – taking advantage of his vulnerable situation and romantic feelings. I also accept Mr S's reasons for why he believed these to be legitimate investments, such as finding the apps via a trusted retailer. However, this does not mean the wider red flags should have been ignored. Therefore, when considering the wider context of what took place, I am still persuaded that Mr S should also be held partially liable for some of these losses. I say this because even with first direct not being as thorough as it should have been to help prevent Mr S falling victim to a scam, he ought to have taken note of what it did highlight to him – especially as some of it ought to have resonated with his particular circumstances. I do not consider the fear of missing out as something that would override any risk concerns I think Mr S should have taken note of. Ultimately, I'm persuaded he should have been aware of there being some risk when making payments.

Consequently, I do think the deductions made by first direct on certain payments were reasonable (between 24 September to 27 September 2024). I similarly think it was fair of them to not deduct for any contributory negligence for the later payments where it accepts full responsibility (payments from 5 October 2024).

first direct's award

first direct has not included any award for the £4,000 that was first sent to another regulated financial institution before being sent to the scammer. Nor has it awarded Mr S 8% simple interest on the initial amount it did refund to him that was lost to the scam. It has explained following Mr S contacting it, after Mr S's brother became concerned, a recall occurred and a credit of £18,999.05 was placed into his account on 7 October 2024. However, after completing its scam investigation, when considering what award to make to Mr S it failed to take this earlier recalled amount into account. Therefore, it argues it has in fact awarded Mr S more than it should have and it would not be reasonable for it to pay anything further. Our Investigator considered this and found this to be fair and did not increase the redress award.

Alongside the above, it is also a rather standard practice for any withdrawals / credits back to be fairly deducted from compensation payments awarded. Mr S confirmed he was able to withdraw the following: £161.00 on 30 September 2024 and £395.904 on October 2024.

Whilst keeping all of the above in mind, I do not find first direct's award unreasonable as overall it has paid Mr S more than what I would have considered fair to award.

Service failing points

I am sorry to hear of the issues Mr S faced when attempting to raise his request for compensation following the scam from first direct and the fact it did not respond with its final response within a timely manner. However, there are certain things which are not within our remit to consider and anything linked with complaint handling is not a regulated activity. Therefore, I would not be able to comment on this aspect of his complaint.

However, I do not doubt how this situation will have been very stressful for Mr S and have impacted him. But, I think the key catalyst of that came from the cruel scam and overall not first direct's service. Therefore, in line with our Investigator, I would not consider making any additional award against first direct.

My final decision

My final decision is I do not uphold this complaint against HSBC UK Bank Plc trading as first direct.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 February 2026.

Lawrence Keath
Ombudsman