

## **The complaint**

Mr S complains that HSBC UK Bank Plc won't refund money he lost to a scam.

## **What happened**

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In February 2025 Mr S came across an online advert for a travel company, that I'll refer to as 'U', that we now know were operating as a scam. Mr S spoke with U and, under the belief they were genuine, he decided to purchase airlines tickets through them and paid with his HSBC credit card. Mr S has explained that, although he was told the tickets would cost about £700, U charged £912.30 to his card. And that to process the payment, they asked him for the One-Time Passcode (OTP) which he provided. Mr S then queried the amount charged with U and, at this point, they attempted a further payment. This made Mr S suspicious, and he asked his son for help which led to the scam being uncovered.

Mr S reported the matter to HSBC and requested a refund. This was rejected by HSBC as they said Mr S authorised the transaction. Unhappy with this, Mr S complained to HSBC as he wanted to be refunded under Section 75 of the Consumer Credit Act. Mr S explained that he received no goods or services, nor had he received any flight confirmation or documentation. And that he was manipulated by U into providing the OTP, as he believed he was authorising a legitimate transaction, but he contacted HSBC immediately after realising he'd been scammed.

HSBC rejected the complaint. The complaint was referred to the Financial Ombudsman, and it was considered by two of our Investigators that both thought HSBC didn't have to do anything further. They said the payment wasn't unusual or suspicious in appearance to have expected HSBC to have intervened – by carrying out fraud prevention checks – before processing it. Nor did they think HSBC could've done anything to recover the funds – as there was no reasonable prospect of success via chargeback, and a section 75 claim wouldn't have been successful as there wasn't a valid debtor-creditor supplier (DCS) agreement.

Mr S disagreed, and so the matter has been passed to me to decide.

## **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 sorry Mr S has been the victim of a scam. I appreciate it is a lot of money he has lost and I don't underestimate the impact this has had. But I must consider whether HSBC is responsible for it, or whether they should otherwise refund him. At which point, I would like to explain that while I accept Mr S is the innocent victim of a scam, this doesn't automatically entitle him to a reimbursement of his funds. The consumer protections, which I will refer to, aren't absolute – and so there are circumstances whereby consumers will lose out through

no fault of their own. And here, after giving everything Mr S has said careful consideration, I don't think HSBC has acted unfairly by not refunding him. I'll explain why.

Before I do, I want to reassure Mr S that I've considered everything he has submitted in support of his complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether HSBC are responsible for any loss Mr S suffered because of the scam.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. I understand Mr S has questioned the validity of the payment authorisation as the OTP was obtained through U's deception – and so, he argues it isn't equivalent to cardholder-initiated authorisation. I've given this careful thought. But while I appreciate Mr S was tricked by the scammer and thought he was purchasing airline tickets with a genuine firm, I'm satisfied that he knowingly provided the OTP to U for the payment to be made. Because of this, I consider he authorised the payment from his HSBC account. Therefore, under the Payment Services Regulations and the terms of his account, HSBC are expected to process Mr S's credit card payment, and he is presumed liable for the loss in the first instance.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, including the Consumer Duty, I consider it fair and reasonable that HSBC should:

- 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 their customers were at risk of fraud. 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of their products, including the contractual terms, enabled them to do so;
- 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 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.

At which point, I'm aware Mr S has said the above considerations aren't applicable here as they are relevant to Authorised Push Payment (APP) scams – not credit card payments. While I've noted this points on this, I disagree. I consider the above considerations are applicable to credit card payments. And so, I've considered whether the instruction given by Mr S to HSBC was unusual enough to have expected additional checks to be carried out before the payment was processed.

When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for HSBC to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment.

Here, while not an insignificant amount, the payment was of a relatively low value (under £1,000). And Mr S had made a similar value payment previously only several months prior (about £1,650). Because of this, and as it is common for consumers to make occasional higher value transactions, I don't think the disputed payment would've been seen by HSBC as out of character for Mr S. And at the time the payment was processed, HSBC wouldn't have known the OTP had been submitted through the deception of a scammer, nor would they have known Mr S was unknowingly dealing with an illegitimate firm. Because of this, I don't think HSBC would've had enough reason to suspect Mr S might be at risk of financial harm from fraud. So, I think it was reasonable for them to process the payment upon receiving the instruction that was verified by the OTP.

The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. And, as I've said, I think it was reasonable for HSBC to process the payment instruction upon receipt. I've therefore considered whether, on being alerted to the scam, HSBC could've done anything more to recover Mr S's funds, but I don't think they could. The only options available to recover the funds were via chargeback or a claim under Section 75 of the Consumer Credit Act. Neither unfortunately would've likely been successful.

For a valid claim under Section 75 of the Consumer Credit Act there has to be, as our Investigator explained, a valid DCS agreement. Here however, Mr S (the debtor) had no contractual relationship with the supplier (the merchant, that being the genuine travel company). Instead, his contractual relationship was with U – the scam travel company. Mr S has questioned this position given he has, in effect, paid a company for services that he has not received. While I sympathise with Mr S's situation, he ultimately authorised a payment whereby the contractual relationship with the supplier (the genuine travel company) was with a third party, and not him. Consequently, Mr S didn't have a valid claim under Section 75 of the Consumer Credit Act.

In terms of a chargeback claim, this similarly would've also likely been unsuccessful as there was no reasonable prospect of success. This is because the services paid for were, as I understand, provided by the genuine travel company. And so, while I appreciate Mr S didn't receive the services paid for, there wouldn't have been any basis – such as a breach of contract or misrepresentation – to dispute the payment under the chargeback rules. Ultimately, the genuine travel company did what was expected of them.

I know Mr S will be disappointed by this outcome. As I've said, I realise he is the innocent victim of a scam here and I think he did everything he reasonably could upon realising he'd been scammed (as he swiftly reported the matter to HSBC). I'm not trying to place any blame on Mr S for what happened. But it would only be fair for me to direct HSBC to refund his loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think HSBC has acted fairly and so I'm not going to tell them to do anything further.

**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 S to accept or reject my decision before 20 February 2026.

Daniel O'Dell  
**Ombudsman**