

## The complaint

Mr P complains HSBC UK Bank Plc trading as first direct (“first direct”) won’t refund money he lost when he fell victim to an investment scam.

Mr P is professionally represented, however for ease, I’ll refer to Mr P throughout my decision.

## What happened

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

Mr P fell victim to an investment scam – with a firm I’ll refer to as ‘K’, which he came across via a popular social media platform.

In July 2025, Mr P raised a complaint with first direct where he explained he invested £21,000 with K between 26 February and 5 March 2025 – with the payments being made to an account in his own name with another banking provider, which I will refer to as ‘C’. Mr P has said he didn’t have access to the account he made the payments to, as K had opened the account in Mr P’s name without his knowledge. Mr K thought he was simply sending the funds from his first direct account directly to his trading account with K. Mr P said he realised he had been a victim of a scam when he checked his trading platform with K and all his funds had disappeared, and when he questioned K, he was told this happened due to a ‘bad trade’, and Mr P could recover his funds if he deposited further funds.

Mr P raised his complaint with first direct, who didn’t uphold it. So, the matter was referred to our service.

Our Investigator didn’t uphold Mr P’s complaint. In summary, she said:

- She didn’t think first direct needed to intervene on the first two payments (£2,000 on 26 February 2025 and £5,000 on 4 March 2025) Mr P made from his first direct account to C to fund the scam, as the payments didn’t appear suspicious in appearance due to their value, and they were not made in quick succession.
- first direct should have recognised the third and final payment Mr P made to C to fund the scam (£14,000 on 5 March 2025) carried a heightened risk of financial harm from fraud due to the sudden increase in the amount made previously to a newly opened account. As a result, first direct should have spoken to Mr P to gain a better understanding of the final payment he was making.
- However, first direct have shown they intervened on all three payments and called Mr P and questioned him about the purpose of the payment to C before processing each payment. And based on the answers Mr P provided, which showed he clearly misled first direct under the guidance of K, first direct wouldn’t have been able to uncover the scam as Mr P was not prepared to disclose the true reasons for his payments.

Mr P disagreed. In short, he said an effective intervention from first direct and relevant warnings about investment fraud would have uncovered the scam. Especially based on the

information first direct knew about the destination of the payments and the reasons Mr P had provided on the calls he had with first direct, which should have raised concerns.

As no agreement could be reached, 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 P has been the victim of a scam. I don't underestimate the impact it has had on him. I therefore understand why he would do everything he can to try and recover the loss he's suffered. But I need to decide whether first direct can fairly and reasonably be held responsible for Mr P's loss. And I don't think they can, I'll explain why.

Before I do, I want to reassure Mr P that I've considered everything that 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 first direct is responsible for the loss Mr P has suffered. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, first direct ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

The question then arises whether first direct ought to have held such suspicions or concerns in relation to Mr P's payments - and if so, what might've been expected from a proportionate intervention at that time. Further to that, where there is an interaction between a customer and first direct before a payment is processed, as there was here on each occasion, I'd expect it to take reasonable steps to understand the circumstances of that payment.

So, taking all of this into account, I need to decide if first direct acted fairly and reasonably in their dealings with Mr P when he made the payments. Specifically, whether they should've done more than they did before processing them – and if they had, would that have been effective. I also need to decide if first direct could've recovered the lost funds.

But for me to find it fair and reasonable that first direct should refund Mr P requires more than a finding that first direct ought to have intervened or done more, but crucially I'd need to find that but for this failure the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by first direct wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold them liable for not having prevented them from being made.

#### *Interventions from first direct*

Here, first direct have provided us with phone call interventions that took place between Mr P and their agents when he tried to make each payment.

The first call took place on 26 February 2025, when Mr P attempted to make the first payment to C for £2,000. When questioned Mr P provided the following responses.

- He's making the payment to his other account.
- He hadn't been guided on how to answer his banks questions or been told to mislead his bank about the payment.
- He hadn't been asked to download any software or share his screen with anyone else giving them access.
- He was moving the money for his daughter's birthday and he had some money coming in on Friday.
- He hadn't been guided to open an account with C and he has access to the account and hadn't shared his details with anyone else.

The second call took place on 4 March 2025, when Mr P attempted to make the second payment to C for £5,000. When questioned Mr P provided the following responses.

- He hadn't been guided or told to mislead his bank for the reason of the payment.
- He was transferring the money to his other account for home improvements, as he's having his bathroom, tiling and stuff done.
- It's a little bit stressful, but all going to plan. However, he might need to transfer some more money later.
- He has access to the account with C and he hasn't shared his details or given access to anyone else.
- The reason he's moving the funds between two accounts in his name is because C are offering him cashback for materials.

On 5 March 2025, when Mr P attempted to make his third and final payment to C for £14,000, he was asked to call first direct again. Having listened to the call, Mr P provided the following responses to the questions he was being asked:

- The payment was going to an account in his own name.
- He hadn't been guided or told to mislead his bank about the purpose of the payment.
- He's doing some home improvements, such as his bathroom etc.
- The money is being sent to his own account, which he's had for a while. And he hadn't been guided to open the account for an investment, which he acknowledged would be a scam.
- He has access to the account with C, and he hasn't shared the account details with anyone else.
- He's not using a company for the home improvement. He's doing it himself but companies have offered him cashback for materials, which is the reason for moving the money to C.

Based on Mr P's conversations with first direct, each payment was released and his account was unblocked.

While I'm sympathetic to Mr P's situation, I'm satisfied first direct took reasonable and proportionate steps to protect him from the risk of fraud or a scam. But, sadly, Mr P failed to respond positively to the warnings he was provided. And the failure to disclose the involvement of a third party and that he didn't have access to the account prevented first direct from knowing the true circumstances of the payments he was making – thereby limiting their ability to uncover the scam. I appreciate Mr P feels better intervention would have uncovered the scam. However, based on the answers Mr P provided first direct on three separate occasions, I'm persuaded even if first direct had asked different questions or probed further, Mr P would have continued to provide credible answers to reassure first direct. I say this having listened to the answers Mr P provided on all the calls that took place, and I've seen no evidence K's influence over Mr P was starting to wane as the scam progressed, so I do not think first direct could have prevented his loss.

Mr P has referenced decisions that he believes are close to his circumstances. However, we consider each case on its own individual merits and although he believes the circumstances of other decisions seem to be similar, there are key differences.

I've also noted the comments of Mr P 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 Mr P made the payments.

On a final note, I've considered whether, on being alerted to the scam, first direct could have done anything to recover Mr P's losses, but I don't think they could. first direct have shown they contacted C, when the scam was reported, however, C confirmed no funds remained. So, I wouldn't have expected first direct to have done anything else.

I have a great deal of sympathy for Mr P and the loss he's suffered. But it would only be fair for me to direct first direct to refund his losses if I thought they were responsible – and I'm not persuaded that this was the case. And so, I'm not going to tell first direct 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 P to accept or reject my decision before 11 March 2026.

Israr Ahmed  
**Ombudsman**