

## The complaint

Mr H complains that HSBC UK Bank Plc trading as first direct has declined to refund a disputed transaction that was made from his credit card account.

## What happened

On 20 February 2025, Mr H says received a telephone call from someone claiming to be a HSBC Bank employee. She told Mr H that a transaction for £2,323.44 to an airline company had been attempted on his credit card, but Mr H said this wasn't by him. So the caller said she would block the transaction and send Mr H a new card.

But two days later, Mr H discovered that the £2,323.44 had debited his account. So he contacted first direct to report the transactions as unauthorised and asked it to refund the money. But the bank didn't think it was liable for his loss. Unhappy with this, Mr H raised a complaint. In response, first direct said:

- It was sorry Mr H had cause to complain.
- The disputed payment was authorised by a One Time Passcode (OTP) sent to Mr H's registered mobile number.
- Without this code, the transaction wouldn't have been successful. Mr H was unable to explain how this code was provided to someone else to complete the transaction.
- It would not be refunding the £2,323.44.

Mr H then referred his complaint to our service where it was considered by one of our investigators. He felt it was most likely Mr H did share the OTP which led to the transaction being made. So he felt it was reasonable for first direct to treat the transaction as authorised by Mr H and hold him responsible for it.

Mr H strongly maintained that he didn't share the OTP. He questioned the bank's evidence, and why it made no attempt to cancel the transaction as he reported it as fraudulent within 48 hours.

As no agreement could be reached, the complaint was passed to me to decide. I issued a provisional decision on 9 December 2025. This said the following:

*'I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.'*

*The relevant regulations here are the Payment Services Regulations 2017 (PSRs), and the Consumer Credit Act 1974. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So, the issue for me to determine is whether Mr H carried out the disputed transaction himself or authorised someone else to make it on his behalf.*

*It's accepted by all that Mr H received a telephone call from a fraudster who was pretending to be a HSBC employee. This person tricked Mr H into believing his account was at risk and as part of 'security' he appears to have disclosed his credit card number (as the caller knew*

*the first six digits, and he read out the rest). This person appears to have processed the disputed transaction, but Mr H is adamant he never disclosed the code that was sent to his mobile telephone number which enabled the transaction to go ahead.*

*I appreciate Mr H's insistence that he didn't share the OTP with the fraudster. But like our investigator, I've also reached the conclusion that Mr H, either willingly or without realising, must have shared the code with the fraudster. The key purpose of the fraudster calling Mr H would've been to obtain enough information from him to process the disputed transaction – which would've included the code. If the fraudster already had enough information to commit fraud using Mr H's card details alone, I don't see why they would've continued with the call in the first place.*

*But, even though I've reached the conclusion that Mr H must have shared the code with the fraudster, that doesn't mean he authorised the transaction. Because of what he'd been told by the scammer, Mr H was of the belief that the transaction in question had only been attempted. I find that at no point did Mr H give consent for a payment to be made, nor did he complete the form and procedure required for making a payment. This was all completed by the fraudster without his knowledge. I don't accept that Mr H gave permission for someone else to make payments on his behalf. As above, Mr H was clearly of the belief that the transaction would be blocked, and it's very possible he shared the code believing he was assisting with this process. As first direct is aware, scammers use a number of methods to trick people into believing they are taking positive steps to protect their money using social engineering. I don't see the circumstances of Mr H's complaint are any different, and that's despite the wording of the OTP message sent to Mr H's phone.*

*In the circumstances of this complaint, for the reasons mentioned above, I consider it reasonable to conclude that the disputed transaction wasn't authorised by Mr H.*

*As the transaction was made on Mr H's credit card, there are additional protections through the Consumer Credit Act which mean that a customer can't be held responsible for any unauthorised spending from their account.*

*I know Mr H has raised a number of questions as to why first direct didn't stop the transaction from being applied to his account, considering he reported it within 48 hours. But by this time, the transaction had already been processed by the relevant card scheme. Mr H has also questioned why first direct didn't make contact with the airline to find out the name the booking was under. But first direct's responsibility isn't to identify a suspect, but rather if it has enough evidence to hold Mr H responsible for the transaction. first direct clearly believed it had enough evidence at the time, in view of the OTP and Mr H's insistence that he didn't share it. So I can appreciate why it didn't reach out to the airline to make further enquiries at the time.*

*Having said that, as I consider the disputed transaction to be unauthorised by Mr H, I've provisionally decided that first direct should refund the £2,323.44 to Mr H, as well as any associated credit card interest it applied to his account.*

*I also understand that Mr H paid the credit card balance off in full in March 2025. So first direct should also include 8% simple interest on the refund amount, from the date of the repayment made to the date of settlement.'*

## **Responses to my provisional decision**

Mr H accepted my provisional decision and provided no further comment.

But first direct didn't not accept. It said it shares my view that Mr H must have shared the OTP. But Mr H had told the bank that he knew not to share the OTP, which formed part of his argument with the bank when he first raised his fraud claim. It also provided an example of the OTP which says to never share the code, even with bank staff or Police.

As first direct didn't accept my provisional decision, it asked me to consider the above points and issue a 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'd like to thank both Mr H and first direct for the responses to my provisional decision. I've thought about first direct's response, but it doesn't change my position with this complaint.

I'd already considered that Mr H was clear with both first direct and our service that he didn't share the OTP with the caller, and he knew not to do this. But, I find it most likely that Mr H was either mistaken, or was failing to admit that he had shared the code as he thought this would reflect negatively on his fraud claim in some way. But, despite that, I've thought about the bigger picture here, and even if Mr H *did* share the code (which I find he did, for the reasons I've already explained), that doesn't mean he authorised the transaction in dispute.

As I've said before, Mr H was clearly of the belief that he was speaking with a member of staff from first direct, and was told that the transaction in question had only been attempted. And it's important to consider that at no point did Mr H complete the form and procedure required for making a payment. This was all completed by the fraudster without his knowledge. I don't accept that Mr H gave permission for someone else to make payments on his behalf, and that's despite sharing the code with the caller. Whilst I find that it was negligent of Mr H to share the OTP, I don't consider that this amounts to giving his authority for the transaction to be made. And, as the transaction was made on Mr H's credit card, there are additional protections through the Consumer Credit Act which mean that a customer can't be held responsible for any unauthorised spending from their account.

In the circumstances of this complaint, for the reasons mentioned above, I consider it reasonable to conclude that the disputed transaction wasn't authorised by Mr H. And I therefore uphold this complaint.

### **Putting things right**

For the reasons mentioned above, I require HSBC UK Bank Plc trading as first direct to:

- Re-work Mr H's credit card account as if the £2,323.44 disputed transaction had never happened.
- Refund Mr H the £2,323.44 (as he cleared the balance in full in March 2025), plus any credit card interest charged, plus 8% simple interest per annum on that total amount, from the date of payment to the date of settlement.

### **My final decision**

My final decision is that I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 2 February 2026.

Lorna Wall  
**Ombudsman**