

## The complaint

Mr M complains that HSBC UK Bank Plc trading as first direct (First Direct) is refusing to refund him the amount he lost as the result of a scam.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr M has explained that he was contacted via a well-known messaging application by an individual I will call "X" claiming to offer a legitimate investment opportunity with a trading platform I will call "Y".

Mr M was provided with supporting material and introduced to a fund manager that supported X's claims that the investment was legitimate and profitable. Mr M was also required to open an account with Y as part of the process.

Mr M agreed to invest and started making payments as directed by the scammers. But when he checked his trading account, he could see the balance had turned to a negative figure. X explained that the fund manager would add additional fund to recover the losses, but it soon became apparent that Mr M had fallen victim to a scam.

Mr M has disputed the following payments made from his First Direct account:

Payment	Date	Payee	Payment Method	Amount
1	24 July 2025	XTB	Debit Card	£250.00
2	29 July 2025	XTB	Debit Card	£3,000.00
	31 July 2025	XTB	Credit	£167.25cr

Our Investigator considered Mr M's complaint and didn't think it should be upheld. Mr M disagreed, so this complaint 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.

It has not been disputed that Mr M has fallen victim to a cruel scam. The evidence provided by both Mr M and First Direct sets out what happened. What is in dispute is whether First Direct should refund the money Mr M lost due to the scam.

### *Recovering the payments Mr M made*

Mr M made payments into the scam via his debit card. When payments are made by card the only recovery option First Direct has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes

between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

The payments Mr M made from his First Direct account went to another account in his own name. As it took further steps for the funds to end up in the hands of the scammer any attempt to recover the payments would have no prospects of success.

*Should First Direct have reasonably prevented the payments Mr M made?*

It has been accepted that Mr M authorised the payments that were made from his account with First Direct, albeit on the scammer's instruction. So, the starting point here is that Mr M is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether First Direct should have been aware of the scam and intervened when the payments were made. And if it had intervened, would it have been able to prevent the scam from taking place.

The payments Mr M made were not of such a substantial value, or out of keeping with how he normally operated his account that I would have expected them to have triggered First Direct's fraud prevention systems prompting it to intervene.

While it's clear Mr M has fallen victim to a scam, and incurred a loss as a result, it is the scammers that caused the loss, and as I don't think First Direct would reasonably have had concerns about the payments Mr M has disputed at the time they were made, I can't reasonably say that it should have intervened when the payments were made, or that it is responsible for Mr M's loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 May 2026.

Terry Woodham  
**Ombudsman**