

The complaint

Mr S is unhappy that HSBC UK Bank Plc, trading as first direct ('First Direct'), has decided not to refund the money he lost, to what he believes was an authorised push payment ('APP') purchase scam.

What happened

The background to this complaint is well-known to both parties. So, I won't repeat everything again in detail here, but in summary I understand it to be as follows.

On 25 October 2025, Mr S was attending a football match and staying at a nearby hotel. In the hotel, Mr S says there was a stall selling football memorabilia. Mr S liked one of the canvases on display but says he was pressured by the seller – whom I'll call 'L' into paying £250 by faster payment. L then got Mr S to provide his details (name and address) to another individual – whom I'll call 'G', so that the item could be delivered.

Mr S initially reported the matter to First Direct on 28 October 2025, as he had concerns about what had happened and was also concerned that his personal and banking details were known which could result in him experiencing financial harm from identity theft.

On 29 October 2025, G provided Mr S a picture of a tracking receipt – but it wasn't for Mr S's address. G advised he had sent the wrong picture and then provided a further picture of a tracking receipt which had Mr S's address. Mr S informed First Direct of this during a call he had with it on 29 October 2025.

The value of the item listed on the tracking receipt was £100 (not £250). Mr S received updates from the delivery company and delivery was attempted at Mr S's address 30 October 2025. Mr S didn't accept the delivery because he had concerns about G initially sending an incorrect tracking receipt and because the value of the item was less than he'd paid. Mr S was also unable to rearrange delivery as a verification code needed to be sent but the contact number the delivery company had to send the code to was for G and not Mr S. Mr S spoke with the delivery company, and they seemingly advised Mr S that the item had 'return to sender' in place and Mr S could contact G.

During Mr S's contact with First Direct on 29 October 2025, First Direct took steps to protect Mr S's account being targeted by any potential fraudsters by placing a marker on his account so that no direct debits or standing orders could be actioned without Mr S's consent. First Direct also went on and to consider Mr S's claim about the disputed transaction and concluded that this was a buyer/seller civil dispute rather than a scam. As it concluded Mr S wasn't the victim of a scam, it didn't consider it was liable to reimburse him.

Mr S formally complained to First Direct, and he had also raised concerns about the customer service he received when reporting the matter (which he'd also raised at the time of reporting). First Direct issued a final response to Mr S on 5 November 2025 reiterating its position that it considered what had happened was a civil dispute.

First Direct also offered and paid £75 for the service Mr S received. It considered there had been some failings with the information it provided and acknowledged Mr S had experienced call issues which stemmed from technical errors on its side. It also acknowledged that Mr S had to repeat the events of what had happened on several occasions.

Unhappy with First Direct's response, Mr S referred his complaint to our service. One of our Investigators looked into the complaint and didn't recommend it should be upheld. In summary, our Investigator thought First Direct had acted fairly in reaching the decision it had. The Investigator also didn't consider First Direct needed to pay any compensation for the customer service Mr S had received.

Mr S disagrees and has asked for the matter to be reviewed by an Ombudsman. So, the complaint has been passed to me for 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'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 focussed on what I think is the heart of the matter here which is whether First Direct acted fairly in its answering of Mr S's complaint. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. 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'm sorry to hear of what's happened to Mr S. But having considered everything, I can see no basis on which I can fairly require First Direct to refund the money Mr S sent. I will explain why.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

The starting position in law is that Mr S will generally be considered liable for authorised payments. However, a relevant consideration in this case is the Faster Payment Scheme Reimbursement Rules ('Reimbursement Rules') which came into force on 7 October 2024 and apply to all UK-based Payment Service Providers ('PSPs').

The Reimbursement Rules put a requirement on PSPs to reimburse APP scam payments made via the Faster Payments Scheme, in all but very limited circumstances.

And the Reimbursement Rules set out the requirements for a payment to be covered. They state:

"...It must have been made as part of an APP scam (whether to a recipient or for a purpose other than the payer intended);"

An APP scam is further defined as:

"...Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a Consumer into transferring funds from the Consumer's Relevant account to a Relevant account not controlled by the Consumer, where:

- *The recipient is not who the Consumer intended to pay, or*
- *The payment is not for the purpose the Consumer intended.*

Private civil disputes are also not covered by the Reimbursement Rules. The term private civil dispute is defined in the rules as:

“A dispute between a Consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty.”

Mr S believes he was the victim of an APP scam. However, our Investigator wasn't persuaded that what had happened to Mr S amounted to an APP scam as defined by the Reimbursement Rules.

Here, I am mindful that Mr S says the stall he attended was in the conference room of a well-known hotel. I don't know whether L (and G) had permission to set up a stall within the hotel. Typically, permission is required however it could be that a stall was set up without the hotel's knowledge. But even if I were to acknowledge the sellers didn't have permission, while it doesn't paint the sellers in the most professional light, it doesn't necessarily mean that they were setting out with intent to scam others. I also appreciate Mr S felt pressured into purchasing the canvas by L, but again that doesn't mean that L had an intent to scam him. For me to say that L (and G) had an intent to scam Mr S I would need to see convincing evidence that they either fraudulently or dishonestly deceived Mr S into making a payment whereby that payment wasn't for the purpose Mr S intended. In short, that they obtained Mr S's money through deception and never had an intent to provide the canvas.

Here Mr S's payment was ultimately to purchase a canvas, and it appears an item was sent to his address. A genuine delivery company was used, and while G initially provided another person's tracking receipt, I don't consider there is anything suspicious about this. It appears this was done in error as G did then provide a tracking receipt which had Mr S's address and postcode. I also consider that on balance this shows that L (and G) had seemingly taken other orders and had sent items out and G was sending the tracking details to the various parties and in doing so sent the wrong tracking receipt to Mr S.

I note Mr S's concern regarding the tracking receipt showing the value of the item as being worth £100 – but I suspect that was done to keep the delivery cost down. It doesn't, to my mind, evidence or show there was an intent from either L or G to scam Mr S.

Mr S didn't accept the item from the delivery company when it arrived. That means it isn't known what item was attempted to be delivered i.e., whether it was the canvas or not. On the balance of probabilities, so what I consider is more likely than not, I consider that the sellers likely sent the canvas. I say this for two reasons. First, because the weight of the parcel was 1,675 grams – which seems, on the face of it, to be the right approximate weight for a canvas when carrying out some basic research. And second, our Investigator – as part of their investigation, reached out to the beneficiary bank (the bank where Mr S had sent the funds to) and it replied advising they had no concerns about its account holder and that there had been no reports of fraud received. If someone was running a fraud, then typically there would be other reports of fraud logged. But this doesn't appear to be the case here.

I appreciate Mr S experienced subsequent issues with the delivery company, with it seemingly not attempting a redelivery and then with Mr S being unable to rearrange delivery. But I am not considering the delivery company's actions here. Any dispute Mr S may have with the delivery company is a matter between him and the delivery company.

Overall, when considering what's happened here, I don't think I can fairly say that the situation Mr S finds himself in is an APP scam as defined by the Reimbursement Rules. I think First Direct's conclusion that the payment Mr S made is not covered by the Reimbursement Rules was fair.

As I'm satisfied the payment Mr S made isn't covered by the Reimbursement Rules, then he isn't due any reimbursement for that payment. I appreciate the Reimbursement Rules have provisions whereby customers who are deemed vulnerable get reimbursed in full – but that is only if the Reimbursement Rules definition of an APP scam has been met, which isn't the case here.

I also can't see any other grounds on which I could say that First Direct should fairly and reasonably bear the responsibility for refunding Mr S.

I appreciate that Mr S didn't receive the level of service he expected from First Direct and as a result decided to end his relationship with First Direct. I can see that First Direct took Mr S's concerns about the customer service he received seriously, and it carried out an in-depth review of the customer journey Mr S experienced and detailed this within its final response letter to Mr S. In summary, First Direct acknowledged there were failings in the service it provided when Mr S reported the matter and it offered and paid £75 as compensation. And it also provided explanations and apologies where applicable.

Having listened to the calls, when Mr S first reported the matter to First Direct the call handler asked what had happened. After Mr S explained, in some detail, he was then transferred through to the APP scam team. Mr S was then required to repeat the circumstances. This was distressing and frustrating for Mr S and caused him a concern that the information he had provided hadn't been relayed which led to him wanting to speak to a manager. As a result, there was a lengthy delay and there were technical difficulties which compounded matters for Mr S.

Mr S was also unhappy that it took a lengthy time for him to be transferred to a manager, and that the previous call handler was explaining the situation and her side of the story at his expense as he was kept waiting. Mr S ended up, as part of the conversation with the manager, repeating the events of the alleged APP scam. And when Mr S called in the next day, he experienced another lengthy delay after he requested to be put through to a manager. From listening to the call with that manager, I do consider they were attempting to be very supportive throughout. However, they did promise that Mr S would be called back the next day which didn't materialise. First Direct has explained that this is because its call back timescales allow for a call back to happen within five working days. So, there was some misinformation there. And it led to Mr S expecting a call incorrectly.

So, I do acknowledge things could have certainly been smoother. Mr S was required to repeat the events of what happened on a number of occasions which meant he was on the phone for a considerable amount of time. However, I am satisfied First Direct were trying to assist Mr S throughout despite some of the failings mentioned above. All things considered I think the amount of compensation First Direct offered and paid is fair and reasonable in the circumstances, and it takes into account the distress and inconvenience Mr S experienced overall.

Mr S, as he provided his bank details to the sellers, and as they knew his name and address, had a concern that he could be the victim of identity theft. I can see that the manager explained they would put a note/marker on Mr S's account so that no direct debits or standing orders could be set up. So, I am satisfied First Direct took steps to protect Mr S from falling victim to any potential financial harm as a result of his concern that his personal and banking details were known by third parties.

I can appreciate Mr S has a concern that his name and address could still be used. Mr S should continue to be mindful of any activity that he thinks may be suspicious and report it to the necessary institutions, whether that be his current banking provider or the police for example.

I note Mr S was unhappy that when he switched banking providers, he opted to do so on 17 November 2025, as this was the date when he was due his monthly statement from First Direct. Mr S says his November 2025 statement didn't show within his banking app on 17 November 2025, and then subsequently the switch to the other banking provider happened around midday. So, Mr S didn't have access to his November 2025 monthly statement. Our Investigator asked First Direct for this statement and then provided this to Mr S – so I hope that has allowed Mr S to have complete records. However, I haven't commented on or made a finding on this aspect, as these events are after First Direct's final response letter which was dated 5 November 2025. Any concerns or complaint Mr S has about his statement not being provided or sent by First Direct is a separate matter to this complaint and would need to be raised to First Direct in the first instance.

My final decision

For the reasons explained, my final decision is that I don't 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 22 May 2026.

Matthew Horner
Ombudsman