

The complaint

Miss P complains that HSBC UK Bank Plc (HSBC) is refusing to refund her the amount she says was lost as the result of a scam.

Miss P is being represented by a third party. To keep things simple, I will refer to Miss P throughout my decision.

What happened

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

When Miss P first took her complaint to HSBC and then to our service, she explained that her friend had connected with a scammer via social media, and that this friend had persuaded Miss P to lend them money to invest. The investment later turned out to be a scam and all the money Miss P lent to her friend was lost.

Following our Investigator's view on Miss P's complaint she has told us that it was not her friend that fell victim to the scam after all. Miss P says it was her that was the victim of the scam and that the account with the scammer had been held in her name. Miss P tells us she was simply making payments into the scam via her friend's account.

Miss P's complaint relates to the following payments she made to her friend's account:

Date	Payee	Payment Method	Amount
19 February 2022	Friend's name	Transfer	£5,000.00
24 February 2022	Friend's name	Transfer	£5,000.00
11 March 2022	Friend's name	Transfer	£10,000.00
11 March 2022	Friend's name	Transfer	£13,000.00
23 March 2022	Friend's name	Transfer	£2,000.00
25 March 2022	Friend's name	Transfer	£20,000.00
27 March 2022	Friend's name	Transfer	£6,000.00
07 April 2022	Friend's name	Transfer	£7,000.00
11 April 2022	Friend's name	Transfer	£4,000.00
21 April 2022	Friend's name	Transfer	£20,328.00
25 April 2022	Friend's name	Transfer	£1,700.00
13 May 2022	Friend's name	Transfer	£5,000.00
27 May 2022	Friend's name	Transfer	£4,500.00
6 June 2022	Friend's name	Transfer	£5,000.00

Our Investigator considered Miss P's complaint and didn't think it should be upheld. As Miss P disagreed 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 a cruel scam has taken place and money has been lost as a result along the way. What is in dispute is whether HSBC should refund the payments Miss P has complained about.

Recovering the payments Miss P made

Miss P made the payments in question via the method of transfer. When payments are made in this way the only option HSBC has available to it to recover the funds is to request a refund of the payments from the receiving bank if any funds were to remain.

In this case Miss P had sent the payments to her friend that was then sent to the scammer. So, I am satisfied that no funds would remain in the payee's account and that HSBC had no reasonable options available to it to recover the payments.

Should HSBC have reasonably prevented the payments Miss P made?

It has been accepted that Miss P authorised the payments that were made from her account with HSBC to her friend's account. So, the starting point here is that Miss P is responsible.

If I accept the first scenario described by Miss P, that payments were in relation to a loan she had made to her friend who then invested the funds, which turned out to be a scam, I would not have to consider any further action from HSBC. Miss P sent funds to her friend and was not the victim of a scam herself. The scam in this scenario happened from her friend's account and HSBC is not responsible.

If I accept the second scenario described by Miss P, that she was the victim of the scam and simply made payments via her friend's account into the scam, I would need to make further considerations as explained below.

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 would be whether HSBC should have had concerns about the payments Miss P was making and intervened. And if it had intervened, would it have been able to prevent Miss P's loss.

The payments Miss P made to her friend, while high in value, were being made to an established payee (her friend) that Miss P trusted and had been making and receiving payments to and from for several years. The reason for the payments that was selected was also "*paying friends or family*". I don't think it was unreasonable that these payments would not have caused HSBC any concerns and that it didn't step into question the payments that Miss P was making.

So, even if I accept the second scenario described by Miss P was what actually happened, I don't think it was unreasonable that HSBC didn't intervene when Miss P made the payments, and it is not responsible for them.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept

or reject my decision before 19 April 2024.

Terry Woodham
Ombudsman