

The complaint

Miss K has complained that HSBC UK Bank Plc (“HSBC”) failed to protect her from falling victim to an impersonation scam and hasn’t refunded the money she lost as a result.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Miss K explains that around October 2023 she was contacted by telephone by an individual (“the scammer”) claiming to be from a government department, advising her she had an outstanding tax bill and therefore a warrant was out for her arrest. Miss K explains she was told she’d need to clear the outstanding tax bill to clear her name. She’s provided evidence of fraudulent government documents that she was sent in order to reinforce the gravity and urgency of the matter.

Miss K has explained that the scammer demanded she made a payment of £3,989 from an account with a particular company. Miss K made an initial payment of £4006.08 to her account there using her HSBC debit card, and then on to the scammer. She then says the same happened with three further debit card payments; one for £1,000, one for £600 and another for £1,400, which were made from her HSBC account to another of her accounts with a different company, and again forwarded to the scammer from there.

Miss K has described how traumatic the situation was for her. She’s explained that she’s a student from overseas and the money she’s lost represents a large portion of her university fees. She says threats to seize her passport, as well as the claims of an arrest warrant, made her feels helpless and vulnerable.

Miss K made a complaint to HSBC on the basis that it lacked safeguards to protect her from instances like this one. HSBC didn’t uphold Miss K’s complaint, and in its response it said it wasn’t responsible for Miss K’s losses as she’d sent the money to her own accounts at other financial institutions before making payments to the scammer from there. HSBC said Miss K should contact those account providers to dispute the transactions if she wished to.

Miss K remained unhappy so she referred the complaint to this service.

Our investigator considered everything and didn’t think the complaint should be upheld. He explained he didn’t think the payments were particularly unusual given Miss K’s previous account activity, so he didn’t think HSBC ought to have done more before allowing them to be made.

As Miss K didn’t accept the investigator’s opinion, the case has been passed to me to make a 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 sorry to disappoint Miss K but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Miss K authorised these payments from leaving her account. It's accepted by all parties that Miss K gave the instructions to HSBC and HSBC made the payments in line with those instructions, and in line with the terms and conditions of Miss K's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

In reviewing Miss K's complaint against HSBC, I've carefully considered the circumstances surrounding the scam, and HSBC's actions.

In the six months leading up to the scam, Miss K's HSBC account activity reflected typical day-to-day spending using her debit card. Most of her transactions were low in value, generally amounting to no more than a few hundred pounds. But in early October 2023 Miss K made three transfers from her HSBC savings account to her HSBC current account: £4,700, £500, and £1,000. The following day, she made a substantial and legitimate debit card payment of £8,662.50.

It's important to note that the pattern of transactions during the scam wasn't significantly different from the activity I've described above, which took place a few weeks earlier. On 17 October 2023, Miss K again transferred funds from her HSBC savings account to her current account, with amounts of £200, £7,452, and £0.92. The next day she completed the four debit card transactions connected to the scam. I'm not aware that HSBC blocked any of these transactions or intervened in any way before they were made, but I'm satisfied that this was reasonable given the size of the payments and considering the previous activity I've outlined, plus the fact that they were made to legitimate financial services institutions.

I fully accept that this scam has involved a significant amount of money for Miss K and that being defrauded in this way has understandably left her feeling vulnerable. But I need to consider whether HSBC acted reasonably in the situation. Given that a similar pattern of transactions had taken place just weeks earlier, HSBC wouldn't have found the activity seen in the scam particularly unusual. On this occasion Miss K was transferring money to her own accounts at other banks, which would generally appear less suspicious to HSBC, and the payments were divided into smaller amounts compared to the larger single transaction earlier in the month. This again would likely have further reduced the potential of raising concern.

I'd like to remind Miss K that as the scammer didn't directly receive funds from her HSBC account but rather from the external accounts she transferred money to, it may be beneficial for her to contact those banks to dispute the payments and explore any further avenues for recovering her funds.

Whilst I understand Miss K's view that the payments were only allowed to be made due to HSBC's lapses in security procedures, for the reasons I've explained, I'm afraid I don't agree. I do note she's highlighted that another high street bank has more thorough scam warnings, which I agree are helpful, but it doesn't automatically follow that HSBC's processes are sub-standard because of that. I know this isn't what Miss K wants to hear but I hope she can accept that as an independent and impartial person I've thoroughly and carefully thought about what she's said in relation to this before reaching my conclusion.

I'm very sorry that Miss K has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold HSBC responsible for that.

My final decision

I don't uphold Miss K's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 14 February 2025.

Sam Wade
Ombudsman