

The complaint

Mr W complains that HSBC UK Bank Plc (as the recipient bank) didn't do enough to prevent the loss he suffered when he sent payments to one of their customer's accounts as the result of a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In late 2023 Mr W was sadly the victim of a scam. He found what he believed to be a legitimate investment online and agreed to invest €150,000 believing at the time that he'd receive around 7.5% on a quarterly return. As a result of the scam, he made a series of payments throughout December 2023 (from two accounts of his) to the account details he'd been provided with. The payments all arrived in an account held with HSBC.

In January 2024, Mr W says he was expecting to receive his initial interest payment, but when this didn't materialise and he was unable to contact who he thought he'd invested with, he realised he'd been the victim of a scam. This was reported to HSBC who ultimately said there were no funds to return.

Mr W complained. He didn't feel HSBC could have properly onboarded their customer nor appropriately monitored the account. HSBC maintained that they hadn't done anything wrong and the complaint was referred to our service. One of our Investigators didn't recommend that it should be upheld. Mr W didn't accept this outcome and asked for an Ombudsman to review his complaint.

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 hear of the difficult circumstances facing Mr W and I can only imagine the impact the loss of such a significant amount of money is having on him and his family. And whilst I accept he's been a victim of crime, this doesn't automatically entitle him to reimbursement from the bank whose account he paid. I can only direct HSBC to do more, if I think they are responsible for acts or omissions that either caused the loss (or a part of it), or that it's otherwise fair and reasonable for them to do so.

Mr W has mentioned the Lending Standards Board's Contingent Reimbursement Model (CRM Code). This is a voluntary scheme which HSBC are a signatory to and allows (in certain circumstances), victims of authorised push payment (APP) scams to receive their money back from the banks involved. But the CRM Code only applies to payments made in pounds sterling between UK domiciled accounts. And as Mr W sent his money in Euros from accounts held outside the UK, I can't use the CRM Code as a basis upon which to tell HSBC to do more.

I've also looked carefully at the actions HSBC took when opening the account in question. I'm satisfied they followed their process and made appropriate checks when opening the account. I don't think they reasonably could have known at that time that the account they were opening would later go on to be used in connection with a fraud or scam. So I don't think there were any failures linked to the account opening which caused Mr W's loss.

I've next looked at the activity on the account in question. The account itself was relatively newly opened and the incoming payments from Mr W would have been in excess of what was expected for that particular account (based on the information gathered during the account opening process). And given that newly opened accounts can present a greater risk of misuse compared to more established relationships, I do agree that at some point I think HSBC ought to have looked at the account.

But even if they'd done so, there was nothing at that time to suggest that Mr W's payments were intended for someone other than the accountholder. And there was likewise nothing about the outgoing payments that moved the money on that would have reasonably given HSBC cause to have concerns that the incoming payments had been made as a result of a fraud or scam. The payments weren't so far away from what was expected for the account or otherwise suspicious that I'd have expected HSBC to have asked their accountholder for proof of their entitlement to the incoming funds. So, I just don't think it ever would have got to the point where HSBC's actions (prior to receiving a notification of fraud, something that came later) would have uncovered the scam or prevented Mr W from making further payments. Similarly, at that point in time, I also don't think there would have been a reasonable basis upon which HSBC should have prevented their customer from making the outgoing payments that they did. HSBC have also confirmed that the first notification they received of a potential problem with the account was from Mr W himself in February 2024. So there wasn't an earlier failure to respond to any notification such that they ought to have done more.

And by the time the notification was received, there were sadly none of Mr W's funds remaining to be recovered. As such, I don't think anything HSBC did or didn't do at that point impacted what could be recovered.

As I said at the start, I'm sorry Mr W has suffered the loss he has. I'm not familiar with financial rules and regulations in the jurisdiction where Mr W lives. And there may be an option for him to try to recover his loss from the banks that he sent the funds from. But I can only comment on the actions of HSBC, and I don't think they can fairly be said to be responsible for Mr W's loss, nor is there any other basis upon which I could fairly and reasonably require them to provide a refund.

My final decision

For the reasons outlined above, 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 W to accept or reject my decision before 9 January 2025.

Richard Annandale
Ombudsman