

The complaint

Miss S complains that HSBC UK Bank Plc ('HSBC') will not refund the money she lost when she fell victim to a scam.

What happened

The details of this complaint are well known to both parties, so I will not go into every detail of what happened here. But in summary, both parties accept that in March 2024 Miss S fell victim to a bank impersonation scam. She was tricked into thinking that she was speaking to someone from a bank, and that her money was at risk. They told her she needed to move her money to another account to keep it safe. She was told to set up an account with an electronic money institution ('EMI') which I will call 'R'. She sent approximately £1,700 over three payments from her HSBC account to R, and then on from there. Unfortunately, Miss S had was speaking with a scammer and lost these funds.

Miss S's representatives argue that HSBC ought to have recognised that their payments were unusual and out of character for her account. They have suggested that HSBC ought to have taken additional steps, or made additional checks, before processing the payments, and ought to have ultimately declined to send the payments. They say that HSBC's failure in this regard has caused Miss S's financial loss.

HSBC looked into what happened and declined to refund Miss S. They said that the Contingent Reimbursement Model ('CRM') did not apply in Miss S's case, as she had made the payments to an account held in her own name. They said they had stopped a card payment for approximately £1,400 prior to these payments and asked Miss S to contact them, but that Miss S had not called them back before making the three scam payments. They said the scam payments were unfortunately not identified as unusual or out of character for the account, and so they did not think they had done anything wrong by following her payment instructions without intervention.

Miss S remained dissatisfied with HSBC, so she escalated her concerns to our service. One of our investigators looked into Miss S's concerns, but did not recommend that her complaint should be upheld. In short, this was because the investigator did not think that the payments were sufficiently unusual or out of character as to warrant an intervention from HSBC. So, they did not think that HSBC had done anything wrong, and by extension did not think that they needed to refund Miss S's losses.

Miss S did not agree. She said that before the scam, she had never sent money to the R account in her name, nor had she since. She said R was known to be used by scammers which HSBC should have been aware of. She thought that HSBC should have therefore intervened prior to processing the payments, and stopped them going through. She explained that at the time of the transactions she was under a great deal of stress from personal circumstances as well as the pressure the scammer put her under, which made her more vulnerable to the scam. She said she contacted HSBC as soon as she realised she had fallen victim to a scam.

As no agreement could be reached, the case 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.

I would like to start by saying that I was sorry to read about the impact this cruel and callous scam has had on Miss S, particularly when she had been going through a difficult time in her personal life prior to the scam. I can tell from the evidence that we have that this has had a significant impact on Miss S, so I would like to start by offering my sympathies for what she has been put through in this difficult time.

My role here is to assess HSBC's actions against what they should have done. Having done so, I do not think it would be fair and reasonable for me to hold HSBC liable for Miss S's losses. So, having considered everything, I am not going to uphold Miss S's complaint. I do appreciate how disappointing this will be for her, but I don't think I can fairly say that HSBC should reimburse her with the money that was unfortunately lost to the scammers. I'll explain why.

There is no dispute that the transactions were 'authorised' payments, even though Miss S was the victim of a sophisticated scam. Miss S made the payments herself, and under the relevant regulations and the terms and conditions of her account, Miss S is presumed liable for the payments in the first instance.

But I've also taken into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time. In this case, this does not include the Lending Standards Board Contingent Reimbursement Model ('CRM') Code as this code requires the payment to have gone directly to a scammer, and in this case the funds went to an account Miss S set up and had access to in her name with the EMI, R. But based on the other relevant rules relating to authorised push payment scams, I think HSBC should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual and out of character transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

So, I consider that as a matter of good practice, HSBC should have been on the lookout for unusual and out of character transactions and where necessary, taken proportionate interventions. The relevant payments were sent to Miss S's own account with R, with a payment purpose of 'paying myself' and the values were as follows: £500, £700 and £585.57. Having considered the available evidence, I do not think that the payments were sufficiently unusual and out of character to have demonstrated that Miss S was at risk of fraud or financial crime. And so, it follows, that I do not think HSBC acted unfairly by not intervening in these payments. I know this will disappoint Miss S, and I am sorry for this. I will explain my reasoning.

I know that none of these payment amounts, nor their cumulative value, were inconsequential amounts of money. But I have had to consider the fine balance banks have to strike between processing legitimate payments and intervening with potentially risky payments. I don't think the values of the payments were enough to say that intervention was necessary here. I have also considered whether there was anything else that ought to have put them on alert that Miss S's money was at risk. Miss S said that she had never paid this

account before – but it is not unusual for people to move money between accounts they hold with different financial businesses for legitimate reasons. The three payments did take place within ten minutes, and the final payment did drain the remaining account balance. A series of payments or the draining of an account *can* be indicative of a scam. However, when considering this against the fact that Miss S was making the payments to an account which HSBC would have known was in her own name, with a consistent payment reason, and the amounts were not so large as to be unusual, I do not think it would be fair to have expected HSBC to have intervened in these payments before processing them. And so, by extension, I do not think it would be fair and reasonable to ask them to refund Miss S here.

I've also considered what attempts HSBC made to recover the funds from the scammers. Unfortunately, as the payments went to an R account in her name before being sent on to the scammers, HSBC would not be expected to try and recover the funds. So, I cannot say they have done anything wrong here.

In summary, I understand that Miss S believes that HSBC should have intervened with these payments and should have prevented the scam – but I am afraid I don't agree.

Unfortunately, HSBC are not able to identify every scam. I would expect them to look out for the hallmarks of scams and recognise these red flags, but I am not persuaded these red flags existed in this case. So, whilst I don't doubt that Miss S was the victim of a cruel and callous scam – it is ultimately the scammers who are at fault here, and I do not find that it would be fair and reasonable to ask HSBC to refund her losses.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 10 July 2025.

Katherine Jones
Ombudsman