

The complaint

Mr L complains that HSBC UK Bank Plc won't reimburse money he lost when he bought a van that he later learned was a stolen vehicle.

What happened

In October 2022, Mr L was looking for a second-hand van. He explains this was needed for his daily commute to work.

He found a suitable looking vehicle on a well-known social media marketplace. Mr L says he'd used this marketplace before without issues.

Mr L got in contact with the seller and arranged to see the vehicle. On 7 October he inspected the van and took it for a test drive. He says he saw the paperwork, and carried out an online vehicle check. All appeared satisfactory.

A couple of days later, Mr L recalls he contacted his HSBC branch to order a cash withdrawal. He then attended the branch and withdrew £15,500 in cash. He used this to pay for the van.

Mr L collected the van, paid for it, and then insured and taxed the vehicle. All seemed well.

However, the following summer, the Police seized the van. It turned out that the vehicle had been stolen and the identification numbers had been falsified.

Mr L has reported the matter to HSBC as a scam, and believes HSBC should have prevented what happened.

HSBC didn't think it was liable to refund Mr L for the money he lost. The voluntary scam reimbursement code (the CRM Code) didn't apply to cash transactions. HSBC had carried out the withdrawal he'd requested. It was obliged to do so when a correctly authorised withdrawal request was made – as it had been here. Mr L had lost the cash he'd withdrawn when he'd paid the seller, but HSBC hadn't been involved in that transaction.

Mr L didn't accept this outcome. He referred his complaint about HSBC to this service for an impartial review.

Our Investigator looked into everything. But she didn't think HSBC needed to refund Mr L. While with the passage of time HSBC had been unable to provide recollections from the branch at the time of the withdrawal, but she didn't think it likely that any reasonable intervention by HSBC would have prevented the scam. She noted that Mr L had carried out comprehensive checks before buying the vehicle and so neither he nor HSBC would have had reason to believe he was being scammed. There was no possibility of the bank recovering the money he'd paid to the seller given that had been a cash payment.

Mr L didn't accept the Investigator's findings. I have been asked to review his complaint afresh and make a final decision on the matter.

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 what's happened to Mr L here. He's lost a considerable sum despite taking thorough precautions before making the purchase. He's been the victim of a crime. But having thought very carefully about HSBC's actions, I don't think it could have prevented the loss that occurred. I'll explain why.

Neither side disputes that Mr L authorised the withdrawal he made in branch, or that HSBC gave Mr L the amount of cash he'd requested. However, Mr L argues that the bank ought to have intervened before permitting his transaction, and that by doing so the ultimate scam would have come to light and been prevented.

In some circumstances I'd have expected HSBC to have intervened before it processed a withdrawal instruction for its customer. For example, if I thought the bank ought reasonably to have identified that the payment was likely connected to a fraud or a scam and thus liable to result in financial harm to its customer.

The withdrawal of a relatively large cash sum could indicate such a risk. Arguably this should have prompted some even basic enquiry by HSBC about the purpose of the withdrawal. It is not clear whether any such questions were asked, as HSBC cannot provide branch recollections. Mr L says HSBC didn't question him.

Even where a failing or fault is established, I cannot simply conclude that makes the party at fault responsible for a later financial loss. I cannot overlook the question of causation. Put another way, in this case I must determine whether, if HSBC had acted as I'd expect it to have done in the circumstances, this would have resulted in the prevention of the scam.

And in reaching my findings I'm required to apply the balance of probabilities. In other words, I need to consider what I think is most likely to have resulted given the information and evidence available to me.

Had HSBC asked Mr L the purpose of the withdrawal, I see no reason to doubt he'd have been open and honest and explained this was for the purchase of a van. That might reasonably have prompted a degree of concern on the bank's part that this could be connected to fraud or a scam.

I'd have expected therefore HSBC to have gone further and proceeded to ask Mr L some additional questions about the proposed purchase. This reasonably might have included whether Mr L had seen the van in person, whether he would be paying upon collection, whether had carried out checks into the condition of the van and whether he'd established that the person he was paying was entitled to sell the vehicle.

However, had those questions been raised, I again see no reason to assume that Mr L wouldn't have answered openly and honestly. And in doing so, he'd likely have explained that he had seen the vehicle in person, had test driven it, and would only be paying when he collected it in person. I think he'd have explained that he'd checked the vehicle online using a trusted checking service, and had verified the paperwork and vehicle identification details. He'd also been provided with identification verifying the seller's name and address and confirmed this matched the vehicle documentation.

In light of that information, I couldn't reasonably expect HSBC to have identified that he was being scammed. Neither do I think Mr L would have been able to uncover this. Even if he'd

been made aware of the risk of a vehicle being stolen, I consider that the steps the seller had apparently taken to change the vehicle identification number would have made this fact extremely difficult to uncover. Indeed, Mr L had, of his own volition, already checked the documentation and compared the chassis number against those records without this raising any concerns.

It follows that HSBC would have had no grounds to refuse the withdrawal that Mr L was instructing the bank to make. I don't think a reasonable level of questioning would have resulted in him not proceeding.

I cannot know with any certainty exactly what was said at the time of Mr L's visit to the branch. Nor can I know with certainty what would have followed had HSBC carried out a reasonable level of questioning prior to allowing the withdrawal to take place. But as I've noted above, I am required to reach my findings on the balance of probabilities. And I consider it more likely than not, that no proportionate intervention by HSBC would have made a difference here – Mr L would most likely have gone ahead.

I do not find that HSBC was otherwise at fault in this matter. There was for instance no opportunity for HSBC to attempt to recover the funds Mr L had lost when he later reported the matter (because he'd paid the seller in cash).

I accept this answer will be a disappointment to Mr L. He has lost out, and is significantly out of pocket as the result of the criminal actions of a scammer. But I do not find HSBC could reasonably have been expected to have prevented this, and I do not find it is responsible for the money he lost.

My final decision

For the reasons given above, I do not uphold Mr L's complaint about HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 December 2024.

Stephen Dickie
Ombudsman