

The complaint

A company which I'll refer to as E, complains that HSBC UK Bank Plc ('HSBC') won't refund the money they lost after falling victim to a scam.

Mr T, who is a director of E, brings the complaint on E's behalf.

What happened

The background to this complaint isn't in dispute, so I won't go into detail.

In summary, E was trying to source a vehicle for a client. E says their business involved sourcing and providing UK discontinued or rare vehicles for providers and shipping them to the requested destination.

E found a vehicle which was located in Dubai and was being sold by a company I'll refer to as S. E agreed to purchase the vehicle for USD55,500, with a deposit of USD22,500 to be paid upfront, and the balance to be paid on delivery.

Mr T, on behalf of E, made the following payments from E's accounts.

Date	Details of transaction	Amount
4.3.2022	International transfer of USD10,000 to S	£7,686.63
8.3.2022	International transfer of USD12,500 to S	£9,754.59
22.5.2024	<i>Credit to E's account – successful recall of the first payment (difference in the value is due to the exchange rate)</i>	<i>£7,793.70 cr</i>

When the vehicle didn't arrive, Mr T contacted S who became aggressive, and he realised it was a scam.

Through a professional representative, Mr T raised a scam claim with HSBC in April 2024. HSBC considered the scam claim but declined to refund E, saying the payments were authorised and processed in line with Mr T's instructions.

Mr T wasn't happy with HSBC's response, so he brought a complaint to our service.

An investigator looked into E's complaint but didn't recommend that HSBC refund them. The investigator felt HSBC should've intervened when the payments were made, but if they had, the scam wouldn't have been uncovered.

Mr T disagreed with the investigator's opinion, saying if HSBC had asked certain questions the scam would've been uncovered and the loss prevented. Mr T feels HSBC didn't do enough to protect E as their customer.

As the case couldn't be resolved informally, it was passed to me to review.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the available evidence.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised by Mr T on E's behalf, although he did so not realising he was the victim of a scam. But that doesn't make the payments unauthorised. So, the starting position is that HSBC isn't liable for the transactions.

There are however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at "face value" – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Should HSBC have intervened when the payments were made?

I'm not satisfied that HSBC should've intervened when the payments were made, based on E's previous account activity.

I appreciate that these were international payments, which were unusual for E's account, but the size of the payments wasn't – especially considering that this is a business account.

Prior to these two payments, E had made a payment of just over £8,700 in February 2022, and four payments all in excess of £10,000 in October 2021. So, I'm not satisfied that these payments were so unusual and out of character that I would've expected HSBC to have been concerned or intervened.

However, even if I agreed that HSBC should've intervened, it wouldn't change the outcome I've reached.

I say this because I'm not persuaded that questioning by HSBC at the time Mr T made the payments would've uncovered the scam or prevented E's loss.

As part of an intervention, I would expect HSBC to have asked the purpose of the payment, and it's more likely than not Mr T would've said it was to purchase a vehicle. HSBC should then ask further open questions for example, whether Mr T had used S before, why he had chosen to use S or how he found them, what checks he had done on S and what paperwork and communication he had with them.

Mr T says that E's business is the sourcing of rare or discontinued vehicles to supply to clients. As this is the nature of their business, I wouldn't have expected HSBC to have asked

Mr T if he had sought independent advice, as Mr T's representative suggests they should have.

I think it's likely that Mr T would've told HSBC that he found S online, the price was in line with another vehicle he'd seen being sold in a different country, that he'd checked S was a current trading company, he'd contacted them through a phone number on their website, he had received the VIN of the vehicle, and had completed VIN and HPI checks. Mr T says that he followed the steps he usually would to ensure the legitimacy of the company and the product. E was also paying a deposit and not the full sale price of the vehicle.

I'm not persuaded that there was any information Mr T would've given HSBC, taking into account E's specialist knowledge in sourcing vehicles, that would've suggested they were potentially at risk of financial harm.

So, I don't agree that intervention by HSBC would've uncovered the scam or prevented E's loss.

Recovery of funds

HSBC contacted the beneficiary bank when notified by Mr T of the scam, but only one of the payments was returned (as set out in the table above). As these were international payments to an overseas bank, HSBC is reliant on that bank returning funds, as overseas banks are not subject to the same regulatory requirements as a UK based bank.

Based on the evidence, I'm satisfied that HSBC took the steps I'd expect to try and recover E's funds.

I'm really sorry to disappoint Mr T, but having carefully considered the evidence, I can't fairly hold HSBC liable for E's loss or ask them to refund E.

My final decision

My final decision is that I don't uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 30 June 2025.

Lisa Lowe
Ombudsman