DRN-5129335

The complaint

Mr L complains that HSBC UK Bank Plc ("HSBC") hasn't protected him from losing money he paid to two of HSBC's customers as a result of fraud.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr L has explained that in February 2024 he made a total of six transfers totalling £58,880 to two third-party accounts held with HSBC, as the result of a safe account scam. Ultimately, HSBC didn't reimburse Mr L's lost funds, and Mr L referred his complaint about HSBC to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for 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.

Let me say, first of all, I'm sorry to hear Mr L has been the victim of a scam. I sympathise with the situation he has found himself in, and I understand why he thinks it's unfair he should bear the loss. Ultimately Mr L has suffered his loss because of fraudsters. I can't reasonably ask HSBC to reimburse losses that resulted from the criminal actions of third parties unless HSBC's acts or omissions unfairly resulted in Mr L's loss. So what I have to decide is whether or not HSBC reasonably did enough to prevent, or respond to, the alleged authorised push payment (APP) fraud.

HSBC has shared relevant information with this service in confidence to allow us to discharge our investigatory functions and has provided that which is necessary for the determination of this complaint. But I'm also limited to how much of this I can share for the same reasons as HSBC. But I'd like to assure Mr L I've carefully reviewed everything before reaching my decision.

I appreciate Mr L may feel HSBC should refund his loss as it allowed fraudsters to open and operate an account. But an account later found to have been utilised to misappropriate funds doesn't automatically entitle the payer (victim) to a refund nor does it mean that the recipient bank unreasonably failed to prevent the loss. What I need to consider is whether at the time of opening the two recipient accounts HSBC ought reasonably to have known that the accounts being opened would later be used fraudulently. And in the circumstances of this complaint, there wasn't anything at the time that I think reasonably could've alerted HSBC that the accounts it was opening would later be used to misappropriate funds. So, I'm satisfied it didn't miss an opportunity to prevent the fraud when opening the accounts.

I've also considered whether there was anything prior to when Mr L's funds were spent from the recipient accounts (and therefore no longer available for recovery) that ought reasonably to have alerted HSBC to the possibility of fraud and led to Mr L's loss being prevented. However, I'm satisfied from what I've seen that I can't fairly say there was anything sufficiently suspicious here, such that HSBC ought reasonably to have been expected to have taken a level of action that might possibly have prevented Mr L's loss in the circumstances of this case.

I'm also satisfied that HSBC responded appropriately when it was put on notice that its customer's account was in receipt of funds which had allegedly been fraudulently obtained. Unfortunately, by the time HSBC was told that Mr L's payments had been made as a result of a scam, there weren't any available funds for HSBC to recover for Mr L. So I can't fairly say HSBC's acts or omissions were the cause of Mr L's funds not being recoverable from the accounts.

I understand Mr L will be disappointed, and I've taken on board everything he's said. However, for the reasons I've explained, I don't think HSBC missed an opportunity to either prevent the fraud or to have recovered the funds, nor that its acts or omissions are the cause of his loss. So I don't uphold this complaint.

My final decision

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 September 2025.

Neil Bridge
Ombudsman