

The complaint

Ms A complains that HSBC UK Bank Plc did not reimburse the £1,500 she says she lost to a scam.

What happened

Ms A says she met an individual on social media and began talking with him. Around a month later, he asked to borrow £1,500 and promised to repay her in a few days. She transferred £1,500 on 20 April 2024. However, she was then unable to get back in contact with him and she found he had deleted all of his social media accounts. She raised a claim with HSBC who explained they had held the payment for further checks and provided a relevant warning to her before releasing it. So, they did not think they had made an error in the circumstances.

Ms A referred the complaint to our service and our Investigator looked into it. They reviewed the payment under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which gives additional protection to victim of authorised push payment scams. Having done so, they did not think HSBC needed to provide an effective warning in the circumstances, as they did not think the value of the payment or type of transaction was unusual. And they did not think Ms A had a reasonable basis to believe the individual she was dealing with was genuine, so they felt it was reasonable that HSBC did not reimburse her in the circumstances.

Ms A disagreed with the outcome, and she confirmed she did not receive the goods, namely the car. So, she felt she should receive a full refund.

As an informal agreement could not be reached, the complaint has been passed to me for a final 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.

The starting point under the relevant regulations and the terms of Ms A's account is that she is responsible for transactions she's carried out herself. However, HSBC are signatories to the CRM Code and, taking into account regulators' rules and guidance, codes of practice and what I consider to have been good industry practice at the time, should have been on the lookout for unusual and out of character transactions to protect its customers from (among other things) financial harm from fraud.

I firstly have to consider if a scam has occurred in the circumstances, and if so, what has happened. Ms A has given conflicting versions of the scam over time.

- When HSBC stopped the initial payment for checks, she said she was purchasing a car and had seen it in person and got the documentation and this was a partial payment for the vehicle.

- When she called an hour later to make a further payment of £400, she said she had possession of the vehicle and was now paying the remainder. She confirmed she had carried out a test drive and it was all fine.
- Ms A called to report that scam on 25 April, five days later. In this call, she confirmed she had bought the car, test drove it and it was all fine, but once she received it there were issues with the vehicle. When she took it to a garage it had the wrong engine, so she told the seller about this, and they agreed to fix it. However, since returning the vehicle she has not heard back from the seller, and she feels her car has now been stolen.
- On 29 April, just four days later, Ms A called HSBC again and confirmed she never had ownership of the vehicle. She said that she did a test drive and realised there was a fault at that point and that is when the seller took it to the garage. But she never received the vehicle after that point.
- When bringing the complaint to our service, Ms A has said she lent the money to an individual she met online who needed it to purchase a vehicle. She provided some screenshots of a chat with them as well as a social media post showing others had been scammed by the individual.
- In response to the Investigator's view, Ms A said she never received the vehicle and made no mention of the individual she met on social media.

As a result of these inconsistencies, it is difficult to rely on Ms A's version of events, so I do not think I can place much weight on her testimony. I have gone on to consider HSBC's actions with this in mind. To do so, I have considered the provisions of the CRM Code. There are two relevant exceptions to reimbursement:

- Ms A ignored an 'Effective Warning'
- Ms A made the payments without a reasonable basis for believing that they were for genuine goods or services; and/or the individual she was dealing with was legitimate.

I've firstly considered if HSBC was required to provide an effective warning in the circumstances, which it would need to do if there was a reasonable indication Ms A may be the victim of financial harm. I've reviewed the payment alongside her genuine account activity on her statements and on balance, I don't think the payment of £1,500 was particularly high value or unusual when compared to her genuine account activity. With this in mind, I do not think HSBC was required to provide an effective warning under the Code.

I can see that HSBC did intervene in any event, and I've reviewed the phone calls between Ms A and HSBC when she made the payment of £1,500 and attempted a further payment of £400 that same day. In the initial call, HSBC ask Ms A detailed question about the purpose of the payment, which she confirms is to purchase a car. They ask her how she found the seller, if she's met them, if she's seen the car and details about the car such as the registration, make and model. These are all detailed question I would expect them to ask, and as Ms A was confident in her answers, which gave no cause for concern, I think it was reasonable that they released the £1,500 payment.

During the second phone call in which the second payment of £400 was stopped, Ms A provided a few pieces of information that contradicted the previous phone call just an hour earlier. As a result of this, the payment was blocked and Ms A was asked to attend branch. On balance, I think this was a reasonable step and that HSBC applied a relevant intervention in light of the risk level the payment posed.

I've gone on to consider whether Ms A had a reasonable basis to believe that she was buying genuine goods/services or that the individual she was dealing with was legitimate. This is difficult for me to assess, as Ms A has given conflicting versions of what the scam actually was. If the scam was that an individual online asked her for funds to purchase a vehicle, then I do not think Ms A had a reasonable basis to believe they were genuine, as she had never met them and had no way of knowing that they needed the funds for a vehicle or they intended to pay her back.

However, if she was purchasing a vehicle, then the conflicting versions of what she has said happened make it difficult to determine if she had a reasonable basis to believe the car or the seller was genuine. She is now saying that the vehicle was clearly malfunctioning when she took it for a test drive and the seller then took it to the garage to fix, but she then never received it. It is therefore unclear why Ms A would pay up front for a vehicle she knows to be faulty. With this in mind, I do not think Ms A had a reasonable basis to believe the seller or the goods were genuine if this is what happened. I therefore think it is reasonable that HSBC did not reimburse Ms A under the CRM Code.

As Ms A gave HSBC conflicting versions of events, I think it is reasonable that they did not immediately try to recover the funds from the receiving bank, as it was not clear whether a scam had occurred or not. So, I do not think they made an error when they did not attempt to recover the funds. In any event, a scammer will generally remove funds from an account as soon as possible, to prevent recovery. As Ms A raised the scam claim five days after she made the payment, I think it is unlikely any funds would have remained.

My final decision

I do not uphold Ms A's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 12 September 2025.

Rebecca Norris

Ombudsman