

The complaint

Mr M complains that HSBC UK Bank Plc failed to protect him from falling victim to a scam. Mr M also complains that HSBC won't reimburse his full loss.

What happened

Mr M explains that in 2023 he was contacted over the phone about investing via an online platform I'll refer to as T. Mr M says he sent a sum of £250 to the platform as an initial investment and after positive returns was given links to use to transfer additional funds. Mr M's confirmed he was able to withdraw his initial investment. Mr M went on to make the following payments from his HSBC credit card to a business I'll refer to as W:

Date	Amount	Returned
13/04/2023	£1,751.23	No
17/04/2023	£1,738.42	No
20/04/2023	£3,220.26	No
01/05/2023	£4,855.28	No
03/05/2023	£2,007.81	No
04/05/2023	£4,199.56	No
09/05/2023	£7,026.01	Yes

The payment Mr M attempted to make on 9 May 2023 was returned to his account after he spoke with HSBC's fraud team and raised concerns he'd fallen victim to a scam. HSBC has confirmed that no interventions were made when Mr M instructed the above payments

Mr M went on to ask HSBC to investigate all the payments he made to invest with T and it initially refused to reimburse his losses. After Mr M complained, HSBC issued a final response. HSBC explained it was unable to dispute the payments Mr M made. And HSBC said it believed Mr M could've done more research to ensure the investment was genuine. But HSBC agreed to refund £7,354.99 which was 50% of the final four payments that were successfully made from Mr M's credit card.

Representatives acting on Mr M's behalf referred his complaint to this service and it was passed to an investigator. They reached the view that HSBC's offer to settle Mr M's complaint was fair and that a deduction of 50% of the final four payments was reasonable. Mr M's representatives asked to appeal, so his complaint has been passed to me to make 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.

I'll start by saying that while Mr M has provided a screenshot showing the trading platform provided by T, no evidence has been supplied that directly links the payments Mr M made to

W with the scammers, T, so I can't be sure he's suffered a financial loss due to a scam. With that said, all parties have accepted Mr M lost out to a scam so, for the purposes of this decision, I'll accept what he's told us about his losses.

In broad terms, the starting position in law is that a payment services provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account and the Payment Services Regulations (PSR's). Mr M authorised the payments in question, albeit under the false belief it was to make legitimate investments via an online trading platform. That means HSBC was under an obligation to process the payments – but that isn't the only consideration, as far as the bank's responsibility in the matter goes.

While that's the starting position, I've also taken into account the regulator's rules and guidance; relevant codes of practice, along with what I consider to have been good industry practice at the time. That means I consider HSBC should fairly and reasonably have been on the lookout for the possibility of fraud at the time, and intervened if there were clear indications its customer might be at risk. HSBC has confirmed it didn't intervene or make enquiries with Mr M about the payments before processing them. So the question for me to decide is whether the disputed transactions ought to have looked concerning enough to have prompted more involved fraud checks before being approved.

I've looked at Mr M's credit card history over the year before the payments in question. It looked to me like Mr M was primarily using his credit card to cover travel expenses. I can see that Mr M's previous payments were generally below £1,000 but there was a payment of £1,609.84 to an airline in August 2022. In my view, the first two payments Mr M made wouldn't have appeared unusual to HSBC based on Mr M's account history. The payments were for £1,751.23 and £1,738.42 and made four days apart. Given Mr M's payments were sent to a different business, W, that was noted as providing immigration services (which broadly fits in with Mr M's history of using his credit card for travel), I haven't seen anything that would've indicated to HSBC that the funds were being used for investment purposes. So whilst I accept Mr M's funds were ultimately lost to scammers, I haven't been persuaded that there would've been grounds for HSBC to intervene before approving the payments he made on 13 April 2023 and 17 April 2023.

With the above being said, the £3,220.26 payment Mr M made on 20 April 2023 showed a sharp escalation in the size of payments being made to W. In my view, the payments Mr M made to W from 20 April 2023 onwards carried a heightened risk of financial harm from fraud as they were around twice the size, or more, of any previous payments that had been made. And, by that point, it was the third payment Mr M made within a week, with a total value of over £6,000, which was very unusual in terms of Mr M's credit card use.

HSBC has confirmed it didn't intervene either by providing automated warnings or contact from its fraud team before approving Mr M's payments. But it now accepts it ought to have done more to protect Mr M's funds from 20 April 2023 onwards which is why it went on to issue a refund of 50% of the payments made to W from that date. I agree that the payment of £3,220.26 made on 20 April 2023 should've caused HSBC to intervene and that it's a fair starting point in terms of reimbursing Mr M's losses.

I next need to decide whether HSBC's deduction of 50% from Mr M's losses is reasonable. Mr M made payments totalling £14,282.91 between 20 April 2023 and 4 May 2023 and HSBC refunded a total of £7,354.99. Accepting that Mr M is not the fraud expert – that is the role of HSBC here, I do think he missed some clear signs that this investment opportunity may not have been legitimate.

Mr M says he was contacted by phone by someone offering investments online. Mr M also said he was given online links to transfer the funds, but I think it's reasonable to say all the payments were made via his HSBC credit card, not bank transfer. Mr M hasn't given us details of research he completed before deciding to invest with T beyond advising he spoke with account managers. And Mr M hasn't forwarded any communications or correspondence between him and T that occurred while he was deciding to invest, although I note a later email requesting withdrawal has been supplied. Further, while Mr M's explained his initial investment of £250 was refunded, that payment didn't come from his HSBC account and no evidence to show the return of funds has been provided. In addition, Mr M was asked to deposit money in order to withdraw commission. But I think it's fair to say that being asked to pay additional funds before being allowed to withdraw investment profits would be a very unusual arrangement. Finally, whilst I understand Mr M says he wasn't aware of where his payments were going, I think it's reasonable to note that all the credit card payments he made were to W, a business that is described as providing immigration services, not T.

In the round, I haven't been persuaded that Mr M carried out an adequate level of research into T and the proposed investments before deciding to proceed. So I think it's fair that both HSBC and Mr M are equally responsible for his losses from 20 April 2023.

I've gone on to consider whether HSBC took reasonable steps to try and recover Mr M's funds once it was aware of the scam. I note that when Mr M checked with HSBC on 9 May 2023 it was able to reverse the payment of £7,026.01 that he'd made earlier. But HSBC has confirmed it didn't attempt to recover Mr M's other payments.

As the payments were all made by credit card the chargeback process may've been relevant. Chargeback isn't a legal right or a guaranteed way of getting a refund. But it can offer a way to resolve disputes between merchants and cardholders. The rules that apply are set by the card scheme, and there are limited grounds on which a chargeback can succeed. Banks will consider the rules before attempting a chargeback on behalf of a customer. My role is to determine whether HSBC acted fairly when it decided not to raise a chargeback claim on Mr M's behalf.

It appears the payments Mr M made to W were converted into another currency and then forwarded to T. So it appears to me that W provided the relevant service to Mr M. Having considered the nature of the payments Mr M made to W, I haven't been persuaded a chargeback claim would've faced a reasonable prospect of success. As a result, I haven't been persuaded that HSBC made a mistake or treated Mr M unfairly by declining to raise a chargeback claim after he reported the fraud.

Section 75 makes the provider of credit (HSBC in this case) equally liable where there is a case of misrepresentation or breach of contract by the supplier of goods or services financed by credit. However, it will only apply when there is a direct relationship between the debtor, creditor and supplier.

In this case, I'm not persuaded a valid 'debtor-creditor-supplier' relationship exists. The credit card statement shows the payments were not made directly to T, the company Mr M thought was providing investment services. The payment was made to another party, W. As a result, I'm satisfied that there is no valid 'debtor-creditor-supplier' relationship between the parties and no right for Mr M to make a claim under Section 75. It follows that as the relevant 'debtor-creditor-supplier' relationship doesn't exist in Mr M's case, HSBC is not liable under Section 75 for a claim for misrepresentation or breach of contract against W where his funds were paid.

I'm sorry to disappoint Mr M but for the reasons I've given above I'm satisfied that HSBC has already agreed a settlement that is fair and reasonable in all the circumstances.

My final decision

My decision is that I don't uphold Mr M's complaint because HSBC UK Bank Plc has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 29 July 2025.

Marco Manente
Ombudsman