

The complaint

Mr S complains that HSBC UK Bank Plc won't refund him the money he lost after he fell victim to an investment scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In or around April 2023, Mr S was contacted about an investment opportunity. Believing everything to be genuine, Mr S decided to invest, but unknown to him at the time, he had been contacted by fraudsters.

Mr S made the following card payments, from his HSBC account to what he believed to be his trading platform, but rather the funds ultimately ended up in an account that the fraudsters controlled:

3 April 2023	£500
6 April 2023	£1,700

Mr S realised he'd been scammed when a mentor, who he had been assigned, kept missing appointments and he tried to withdraw money, but he was unsuccessful.

Mr S raised the matter with HSBC, but it didn't uphold his complaint. HSBC raised a chargeback claim for the £500, which was successful, and this was returned to Mr S. However, it didn't consider it had sufficient evidence to raise a claim for the £1,700.

Mr S has said HSBC told him that he should try and negotiate with the trading company for the remaining £1,700. Mr S contacted the fraudsters and was told he would need to wait a year before he'd be able to make a withdrawal. Having waited a year, Mr S attempted again to make a withdrawal, but was unable to and so raised the matter again with HSBC. But HSBC told Mr S it would not be able to raise a chargeback as it was out of time. HSBC did recognise the service it provided Mr S could have been better, in that it incorrectly indicated to Mr S that it could initiate a dispute for the £1,700 payment. In recognition of this it offered Mr S £100 by way of compensation.

Unhappy with HSBC's response, Mr S brought his complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, she didn't think HSBC had missed an opportunity to identify the payments were being made in relation to a scam. Alongside this, she didn't think HSBC were wrong in not raising a chargeback for the payment for £1,700, given it would have likely been defended and therefore unsuccessful.

Mr S didn't agree with our Investigator's view. As agreement couldn't 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.

I'm sorry to hear of what's happened to Mr S, and I can understand entirely why he feels so strongly that this money should be returned to him. But having thought very carefully about HSBC's actions, I think it did act fairly and reasonably in allowing the payment to leave his account and in not raising a chargeback for the payment of £1,700. I'll explain why.

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 terms and conditions of the customer's account. It is the case that Mr S authorised the payment in dispute – and that's accepted by all parties. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr S is responsible for the payment. That remains the case even though Mr S was the unfortunate victim of a scam.

There are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like HSBC) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

In this case, firstly I need to consider whether HSBC acted fairly and reasonably in its dealings with Mr S when he authorised the payment, or whether it should have done more than it did.

I've thought about this carefully. Having done so, I can't fairly say the payments Mr S made would (or should) have alerted HSBC that he was potentially at risk of financial harm, to an extent whereby it should have carried out some additional checks before processing the payments. So, I don't consider HSBC are liable for the loss Mr S incurred on the grounds that it missed an opportunity to prevent him from making the payments.

I have to be mindful that banks process a high volume of transfers and transactions each day. And a bank has to strike a balance as to when it should possibly intervene on a payment against not holding up or delaying its customer's requests.

Here, I don't consider there was anything so unusual or remarkable about the payments or the amounts that ought to have alerted HSBC to the possibility Mr S was being scammed or was at risk of financial harm. While I appreciate it was a lot of money to Mr S, the amounts weren't so significant to the point where I could reasonably have expected HSBC to carry out some additional checks on them.

Chargeback

While I don't think HSBC caused Mr S' loss due to it missing an opportunity to intervene when he made the payments, that isn't the end of the matter. I also need to consider whether HSBC did all it could to recover the money Mr S had lost, once it was aware of what happened.

So, I have then thought about whether HSBC could have recovered any more of Mr S' payments than it did. As he made the payments using his debit card, the only potential recovery option would have been through the chargeback scheme.

Chargeback isn't a legal right or a guaranteed way of getting a refund. But it can offer a way to informally 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 must comply with those rules before attempting a chargeback on behalf of their customer. Our role in such cases is not to second-guess the card scheme rules, but to determine whether the regulated card issuer (in this case HSBC) acted fairly and reasonably when presenting - or choosing not to present - a chargeback on behalf of its cardholder (in this case Mr S).

For both payments HSBC considered that there were 'no chargeback rights identified'. However, it said that due to the low value of the first payment, for £500, it took the decision to submit a chargeback, even though there was minimal information available to it. This chargeback was subsequently successful. But this, in and of itself, doesn't mean that HSBC were required to raise a chargeback for the payment for £1,700.

In the circumstances of this case, I can see that Mr S did provide HSBC with some information. However, Mr S didn't provide it with all of the information it had asked for. For instance, I can see the information HSBC asked for included terms, conditions, documents describing how the merchant's written representations didn't match the agreed terms of sale and details of attempts to resolve with the retailer.

In his submissions to this service Mr S has explained that he wasn't provided with any documentation by the fraudsters, so I do understand he may not have been able to provide this information. However, the rules of the scheme and the evidence requirements are very specific and HSBC would have been aware that not having this specific evidence would likely lead to the chargeback not being successful. I wouldn't expect HSBC to pursue a chargeback where there wasn't a reasonable prospect of it succeeding. And a lack of the required evidence is one scenario where I think a claim would be unlikely to succeed. So, without that evidence HSBC was not required to raise a chargeback.

I say that especially in the circumstances of this case as the payments Mr S sent appear to have been made to a legitimate merchant (who weren't part of the fraud), albeit the funds have ended up in an account controlled by the fraudsters. But it's more likely than not the merchant would have been able to evidence that they had provided the goods/services paid for using Mr S's debit card and as such defended any claim.

I'm mindful that Mr S did later return to HSBC to raise a claim, having waited a year under the fraudster's instruction. However, by this time the time restrictions that apply to chargebacks would have expired and in any event, for reasons explained above there would unfortunately have been little prospect of a chargeback being successful.

Customer Service

I'm mindful that HSBC found it could have dealt with Mr S' claim in a better way in that it indicated to Mr S that it would be able to initiate a dispute, when that wasn't the case. In recognition of these errors, HSBC offered Mr S £100 by way of compensation.

I do appreciate the impact this matter has had on Mr S, and I don't doubt it would have been disappointing to have had his expectations raised in this way. But I also mustn't lose sight of the fact that the main perpetrator, and cause of the distress, are the fraudsters.

I'm pleased that HSBC proactively recognised that the service it provided fell short of what could reasonably have been expected. The £100 it has offered Mr S is an amount in line with what I would have awarded. So, I don't think it would be fair for me to order it to increase this amount.

I don't intend any comments or findings I've made in this decision to downplay or diminish

the impact this scam has had on Mr S. It's very unfortunate that he has lost this money in this way, and I understand the whole experience has been deeply upsetting and I do have a great deal of sympathy for him. But in the circumstances, having carefully considered everything, I don't find HSBC could have reasonably prevented Mr S' loss here. Neither do I find there were any other failings on HSBC's part that would lead me to uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 September 2025.

Stephen Wise
Ombudsman