

The complaint

Mr and Mrs H complain that HSBC UK Bank Plc ('HSBC') won't refund the money they lost as the result of a scam.

What happened

In 2023, Mr and Mrs H were looking for a campervan. They found one they were interested in, but it was sold before they were able to view it.

They found another campervan on an online marketplace. They communicated with the seller and were given photos of the van, a video and a V5 ownership document.

Mr and Mrs H say the price of the campervan wasn't too good to be true and that they checked the van's registration online.

The seller told Mr and Mrs H that the campervan would continue to be advertised as available for purchase unless they paid a deposit. As Mr and Mrs H had missed out on the previous van they were interested in, they agreed to pay a deposit and arranged to go and view the van on the Saturday.

Mr and Mrs H paid £5,000 to a payee with the initials TR on 19 May 2023.

When Mr and Mrs H turned up at the address the seller had given them, the property owners didn't know the seller and Mr and Mrs H realised they'd been the victims of a scam.

In April 2024, Mr and Mrs H raised a fraud claim with HSBC, asking that they refund them. HSBC looked into Mr and Mrs H's claim but declined to refund them. Under the Contingent Reimbursement Model Code (CRM Code), HSBC say an exception to reimbursement applies.

Mr and Mrs H weren't happy with HSBC's response, so they brought a complaint to our service.

An investigator looked into Mr and Mrs H's complaint, but didn't uphold it. The investigator agreed that HSBC could rely on an exception to reimbursement, saying Mr and Mrs H didn't have a reasonable basis for believing the seller or the goods were genuine. The investigator was satisfied that HSBC had met the standards set for them under the CRM Code, and didn't agree that Mr H (who made the payment) met the bar to be considered vulnerable under the Code. Mr and Mrs H had asked for £300 compensation, but the investigator didn't agree that compensation was due.

Mr and Mrs H disagreed with the investigator's opinion and raised the following points:

- We haven't fairly considered Mr H's medical condition at the time of making the payment, and how that impacted his ability to protect himself.
- Mr H did check the registration of the van online at the time and it came up as valid.

It's possible that this status changed between Mr H doing his check and the investigator doing theirs.

- While the VIN on the V5 doesn't match the van description, this was a sophisticated forgery.
- Mr H was told to select "friends and family" as the payment purpose by the seller, but he can't remember why. Also, the seller was creating a sense of urgency which played into Mr and Mrs H's worry about missing out on another van.
- Mr H was given a valid reason why he was paying TR, when the seller had said their name was J. But he can't remember what that reason was.
- The warning that HSBC gave was ineffective.

Mr and Mrs H asked for an ombudsman to review their case.

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, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a bank such as HSBC 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.

HSBC are signed up to the CRM Code, which requires firms to reimburse customers who have been victims of Authorised Push Payment (APP) scams like this, in all but a limited number of circumstances.

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish an exception applies. In this case, HSBC say:

- The customer made payments without having a reasonable basis for believing that the payee was the person the customer was expecting to pay; the payment was for genuine goods or service; and/or the person or business with whom they transacted was legitimate.

* There are further exceptions outlined in the CRM Code, but they don't apply to this case.

Are Mr and Mrs H entitled to a full refund based on Mr H's vulnerability?

Mr H has explained that he had an undiagnosed medical condition at the time of making the payment, which meant he was vulnerable and unable to protect himself from the scam.

The CRM Code says: "*A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered.*"

I accept that Mr H had an undiagnosed medical condition at the time of making the payment, but I'm not satisfied that it made him unable to protect himself from this particular scam.

I say this as Mr H has told us that he did checks before making the payment. He says he checked the registration online and asked for photos and a video of the van. So, I can't fairly say his vulnerability meant he wasn't able to protect himself and therefore can't uphold for that reason.

Can HSBC rely on an exception to reimbursement?

HSBC say Mr and Mrs H didn't have a reasonable basis for believing the seller or the van were genuine. Having carefully considered the evidence, I'm persuaded that HSBC can rely on this exception, for the following reasons:

- While Mr H says he checked the van's registration online, he can't provide any evidence of this. Checking the van registration now it comes up as "van details not found". It doesn't say that the van was SORN'd and I'm not persuaded that Mr H has evidenced that it was a valid registration at the time of making the payment.
- I appreciate that the scammer has created a good forgery with the V5 document, however it doesn't show the owner's name, and the VIN used on the V5 is linked to a different van than Mr H believed he was buying.
- The website that Mr H purchased the van through offers payment through their platform. It's unclear why Mr H made the payment by bank transfer and not through the recommended payment method.
- Mr H says that the seller explained why he was to make the payment to TR, which is a different name than the sellers. But he hasn't been able to explain what the reason was, so I can't fairly say that he was given a good explanation for this.
- Mr H was told to select the payment purpose of "friends and family" by the seller, despite being offered a payment purpose of "making a large purchase house or car". Mr H hasn't provided a good reason as to why he considered it reasonable for the seller to tell him to choose an incorrect payment purpose.
- Mr H was shown a warning when he made the payment which said if he was told to mislead HSBC about the payment purpose it was a scam. Mr H doesn't remember seeing this warning when he made this payment, but says he often sees it in making genuine payments.

Taking all of these points into consideration as a whole, rather than individually, I'm satisfied that Mr and Mrs H should've been concerned about the legitimacy of the seller and the van, especially as they made the payment without having seen the van in person and didn't have anything to show that the seller actually owned it. I'm not persuaded that the V5 is sufficient in these circumstances, with so many red flags, to give Mr and Mrs H a reasonable basis for believing the sale was legitimate.

In these circumstances, I'm not satisfied that Mr and Mrs H had a reasonable basis for belief, so HSBC can rely on this exception to reimbursement.

Have HSBC met the standards set for them under the CRM Code?

Under the CRM Code, where HSBC identify an APP scam risk, they're expected to provide an effective warning. In this case, Mr and Mrs H didn't select the correct payment purpose, so the warning that they were shown related to payments to "friends and family".

The warning screens included the following relevant content:

Stop and think

If this is a scam you could lose your money.

Signs of a scam.....

Is someone telling you what to do? If someone has told you to mislead us about the reason for your payment and choose the wrong payment type, stop. This is a scam.

The rest of the content related to being approached on social media, fraudsters building up trust online, pretending to be family or friends and told Mr and Mrs H not to move the money if they had only met the person online.

If Mr and Mrs H had selected the correct payment purpose of “making a large purchase house or car” – they would’ve been shown a warning relevant to their circumstances which may’ve affected whether or not they proceeded with the payment. As HSBC were prevented from giving a relevant warning, I can’t fairly say they haven’t met the standards set for them. Also, I’m not satisfied that the payment Mr and Mrs H made was so unusual or out of character that I would’ve expected HSBC to have called them to discuss it, before following their payment instructions.

So, I can’t fairly ask HSBC to refund Mr and Mrs H.

Recovery of funds and customer service

On being notified of the scam, HSBC contacted the beneficiary bank but were unable to recover Mr and Mrs H’s funds. Unfortunately, by the time the scam was reported, the funds had been removed from the beneficiary account.

Mr and Mrs H have asked HSBC to pay £300 compensation, but I can’t see that HSBC have done anything wrong, so I’m not satisfied that any compensation is due.

I’m really sorry that Mr and Mrs H have lost a substantial amount of money and understand that this cruel scam has seriously affected them. But, having carefully considered the evidence, I’m not satisfied that I can fairly hold HSBC liable for their loss.

My final decision

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

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr H and Mrs H to accept or reject my decision before 11 June 2025.

Lisa Lowe
Ombudsman