

The complaint

Mr C complains that HSBC UK Bank Plc hasn't refunded him money he lost to an individual he met online.

What happened

In late 2023, Mr C began speaking with an individual online after looking for companionship. They formed a romantic relationship and he arranged to meet with the individual in person. From this point on Mr C was financially impacted by the relationship. He made cash withdrawals, card payments and transfers for their benefit. In January 2024, Mr C was in branch and was trying to send funds for the individual's benefit and the bank invoked banking protocol and the Police became involved. Mr C lost further funds after this time when he met up with the individual a few months later to try and recover some of his money.

Mr C reported what had happened to him to HSBC and brought a number of complaints about how it had dealt with him during this time. HSBC didn't agree to refund any of the payments made or reimburse Mr C under the Contingent Reimbursement Model code.

Mr C came to our Service, but our Investigator didn't uphold his complaint. They thought HSBC had dealt with Mr C fairly at the time of the payments and said that even if it had done more, Mr C's behaviour indicated he would've acted to keep sending funds in any event. Mr C asked for an Ombudsman to reconsider his 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.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, HSBC ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I have reviewed Mr C's account and the payments he made as a result of this interaction. Looking at the first two faster payments, I'm not persuaded HSBC ought to have found these payments suspicious, such that it ought to have made enquires of Mr C before processing them. They were relatively low value and not out of character with other spending on the account.

However, when Mr C made the £35,000 cash withdrawal in branch, I accept that HSBC ought to have questioned him more about what he was doing. I can see from the branch notes at the time, as well as Mr C's testimony, that he explained the money was for building works. Mr C has said that he tried to indicate to HSBC he was being coerced into the payment and that it should've detected this behaviour and invoked banking protocol.

HSBC doesn't have any record of concerns by the branch staff at the time and the notes indicate a conversation about fraud was had with Mr C. When Mr C reported what had

happened, he initially told HSBC he did receive a warning in branch, but didn't know he was "being scammed" at the time. But now he says the payment was made due to extortion.

I'm in agreement with our Investigator that I haven't seen enough to say banking protocol should have been invoked in branch. Mr C gave a plausible explanation for sending the funds when questioned and I can't be sure how he was behaving at this time.

There's no evidence that shows Mr C was behaving in a concerning way and nothing contemporaneous that I can draw inferences from around his mannerisms or behaviours. I don't see how more detailed questions around the payment purpose would've uncovered what was going on – as the individual was with Mr C at the time. And, as the Investigator also set out, even when banking protocol was later invoked and the Police got involved, Mr C went on to give further funds to the individual. I appreciate why he did this, but therefore I can't safely say that any proportionate intervention by HSBC would've stopped him making these payments. Instead I think he would've continued sending funds, as he later did.

I also say this because the nature of the messages Mr C has shared with us between him and the individual don't support the full testimony he has provided to us. I want to reassure him that I know he has been the victim of a crime and that I accept he was deceived and subject to extortion. However, the evidence we hold doesn't support that *all* of the payments made were as a result of this.

Mr C initially told the bank that the earlier payments (before January 2024) were for services he had received. He also said he didn't believe this was a "scam" initially – which is different testimony to what he's provided now. And I can see from the messages shared that Mr C is aware that he's expected to pay money for the services being arranged and later he says, that while he'd like to, he can't afford to pay again for these services. This is different to his testimony that all the funds were extorted from him, from the start.

We have not been provided with Mr C's full conversations with the individual. We only have certain screenshots and many are undated. But I can see on 22 November 2023, when two cash withdrawals were made, Mr C messages her and asks why she has taken more money from him. And he says he will need some of it back. She sets out what the money was spent on and asks him to meet her. This is a few days after the branch payment and the tone and nature of these messages is in contrast to the situation Mr C has described being in at that time.

In the same respect, on 30 November 2023, the individual refers to Mr C as "love" and says she expects to see him the next day. And he responds calling her "Baby" and explains why that won't be possible – and no payments are made after the end of November until January 2024 the next year. The next dated chat I hold is dated 1 January and, based on the timings involved in their communication, I assume this to be have been 2024, it starts with Mr C saying "Hello x", so it's him starting a conversation with the individual.

As above, I fully accept that Mr C is the victim in this case and that he's parted with some of his funds due to extortion. But the above evidence we hold means I'm not persuaded that the bank could have prevented this loss.

Mr C did initially report the card payments on 21/22 November 2023 as unauthorised. He said he was forced to hand over his card and PIN by the individual. But as above, the messages we hold indicate a different situation to this. And under the Payment Services Regulations 2017, I'm satisfied that HSBC can treat these payments as authorised and so isn't required to refund them. Mr C was aware the individual had his card and PIN and he didn't report this to HSBC at the time. It's not clear now, considering the differing events, why he handed it over, but I don't consider HSBC is liable for these payments.

I have then considered whether HSBC could've done more to recover Mr C's funds. It isn't possible for HSBC to recover any of the cash withdrawn, so this leaves the card payments and faster payments. I wouldn't have expected HSBC to recover the card payments to legitimate merchants, as the services for these most likely were provided, albeit for the benefit of the individual not Mr C. And I think it's unlikely it would've been able to recover the funds from the individual accounts paid, considering the nature of what was happening here. Also, as Mr C kept paying funds after reporting what had happened, it seems unlikely that he'd have gained anything from any funds being recovered, as the individual or those involved with her would've demanded them back and it seems likely, based on the situation he's described, he would've paid them.

I have considered whether the CRM code applies here and, subsequently, whether Mr C could be reimbursed under it. But as above, it seems likely that some of his earlier payments were made for services that were received. And that for the others, the payment purpose wouldn't meet the Code's definition of an APP scam. Mr C was aware of the reasons he was making the payments and I can't say he thought these were for a legitimate purpose, taking into account that he was being extorted and later, had reported this to the Police. So he doesn't benefit from the CRM code in this case.

I accept Mr C has been through a very difficult time and this has had a great financial impact on him. But I don't consider his loss is the result of any material failings by HSBC.

My final decision

For the reasons set out above, I don't uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 10 July 2025.

Amy Osborne
Ombudsman