

## **The complaint**

Miss W has complained that HSBC UK Bank Plc (“HSBC”) failed to protect her from falling victim to a romance scam, and hasn’t refund the money she lost.

## **What happened**

I issued a provisional decision (“PD”) in relation to this complaint earlier this month in which I explained that I didn’t intend to uphold Miss W’s complaint. I gave Miss W and HSBC a chance to respond. HSBC didn’t add any further comments, and Miss W provided an extensive response.

I’ve included an extract from my PD below, followed by a summary of the points Miss W raised in response.

### **What happened**

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Miss W has explained that she made 17 international transactions from her HSBC current account between 20 November 2022 and 28 June 2023 as a result of a romance scam. The transactions, totalling £125,590 plus £85 in foreign transaction charges, were made using online banking as international payments. Miss W explains that these payments were made under the influence of a fraudulent scheme orchestrated by a man, R, whom she met on a dating site in September 2022. She believed R to be a successful businessman working on an oil rig overseas. They communicated regularly on messaging apps, although Miss W says the internet connection was often poor, which R attributed to his work at sea. Miss W also says that early in their conversations R shared details of what appeared to be a multimillion-pound contract relating to an oil rig project, which Miss W now realises was part of the deception, but at the time added to the enchantment and persuasiveness of the scam.

R introduced Miss W to a woman he claimed was his mother, who lived in Australia. This individual frequently messaged Miss W, reinforcing the legitimacy of her relationship with R. Towards the end of November 2022, R claimed he was experiencing significant financial difficulties related to his work, including issues on the oil rig and penalties for environmental damage. He stressed the potential consequences for their future together, which Miss W describes as escalating the emotional pressure. R referred back to the contract he had shown her and claimed a recent and well-known earthquake had exacerbated his difficulties. He convinced Miss W that he needed her to help him financially to pay for things such as repairs, penalties, and public relations efforts to protect his reputation, promising that the money would be repaid.

Miss W describes being subjected to psychological manipulation, including gaslighting and emotional blackmail. R threatened self-harm, making her feel responsible for his wellbeing.

In June 2023, R informed Miss W that his mother had passed away and he needed further financial assistance to organise the funeral and pay other associated costs. As she could empathise due to her own loss, Miss W was convinced to make further payments to R.

Miss W notes that many of the transactions were made in quick succession, often involving multiple payees, which are patterns commonly associated with fraud. Despite this, HSBC only flagged two transactions as suspicious. It wasn't until September 2023, after watching a television programme about romance scams that Miss W began to recognise the similarities with her own experience. She reported the matter to Action Fraud and the police who have since been supporting her.

The transactions relevant to this scam are as follows:

	Date	Amount*	Description
1	21/11/2022	£5,150	International payment
2	22/11/2022	£5,160	International payment
3	23/11/2022	£11,250	International payment
4	25/11/2022	£14,580	International payment
5	25/11/2022	£8,870	International payment
6	30/11/2022	£6,500	International payment
7	08/12/2022	£6,000	International payment
8	09/12/2022	£7,600	International payment
-	19/12/2022	£5,716.45	Credit
-	20/12/2022	£5,114.99	Credit
9	20/12/2022	£9,800	International payment
10	20/12/2022	£9,150	International payment
11	06/01/2023	£5,000	International payment
12	09/01/2023	£4,980	International payment
13	10/01/2023	£10,050	International payment
14	18/01/2023	£14,200	International payment
15	24/01/2023	£2,050	International payment
16	24/01/2023	£1,750	International payment
17	21/06/2023	£3,500	International payment
<b>Outstanding loss</b>		<b>£114,758.56</b>	

\*all international payments have an additional £5.00 transaction fee added.

The credits made to Miss W's account on 19 and 20 December 2022 are returns of the payment for £6,000 made on 8 December 2022 and £5,150 made on 21 November 2022 respectively.

I understand that this scam has had devastating consequences for Miss W, not just financially but emotionally and mentally. She describes feelings of shame, embarrassment, and isolation, coupled with anger at being taken advantage of. She also says the financial loss has affected her plans for the future, including retirement, holidays, and other personal goals.

Miss W believes that HSBC failed in its duty of care to protect her as a customer. She explains that she's banked with HSBC for over 12 years and says that her transactional behaviour during the scam period was highly uncharacteristic.

Miss W made a complaint to HSBC on the basis that it failed to identify the suspicious nature of the transactions or intervene appropriately. She said that effective intervention by the bank could've prevented much of her financial loss. HSBC didn't uphold Miss W's complaint. In its response it said that as the payments Miss W were made were sent internationally, so they weren't covered by the Contingent Reimbursement Model ("CRM") Code, and it therefore wasn't liable to refund them. It also said it had contacted the beneficiary banks in an attempt to recover any funds that remained in the accounts, although it explained recovery wasn't guaranteed.

Miss W remained unhappy as she's perceived HSBC's response as blaming her, rather than acknowledging its own shortcomings, so she referred the complaint to this service. She points to the principles of the Authorised Push Payment (APP) scam code, which sets

out that banks should educate customers about scams, identify high-risk payments, provide effective warnings, and engage with customers to prevent fraud. Miss W argues that HSBC's failure to adequately follow these steps contributed to her financial losses. She feels the bank missed opportunities to engage with her meaningfully, delay the transactions, or provide advice that might have prevented further payments.

Our investigator considered everything and thought the complaint should be upheld. She explained that she thought HSBC should've intervened when Miss W made the fourth payments. And she also said that when HSBC did intervene by phone twice, it didn't ask sufficiently probing questions or use the information available to it to interrogate Miss W's story. She thought that HSBC could have uncovered the scam if it had done so. Despite this, she also thought Miss W should be held jointly responsible for her losses, as she said there were some clear red flags that she overlooked.

HSBC didn't accept the investigator's opinion and it raised the following points:

- When it discussed the two payments with Miss W, she deliberately misled the bank.
- It is unreasonable to expect that Miss W would've given different answers if HSBC had asked different questions during the calls, as Miss W was confident with the answers she gave.
- The outcome isn't consistent with the Financial Ombudsman Service's general approach to customer dishonesty.
- The two calls were six months apart, and the second call handler shouldn't have been expected to interrogate activity and notes on Miss W's account from so far back. They also shouldn't actively look for customers not being honest or inconsistencies in their answers.

As the case hasn't been resolved it's been passed to me to make a decision.

### **What I've provisionally 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 disappoint Miss W but having considered everything I'm afraid I've reached a different outcome to our investigator and I'm not intending to uphold her complaint. I'll explain why.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Miss W authorised these payments from leaving her account. It's accepted by all parties that Miss W gave the instructions to HSBC and HSBC made the payments in line with those instructions, and in line with the terms and conditions of Miss W's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

### **What should HSBC have done to intervene, and when?**

Having carefully considered the payments Miss W made, including their size, frequency, and pattern, I think HSBC ought to have been concerned by the time Miss W made the third payment. By that time there was enough going on that I think HSBC ought to have realised that Miss W might've been at risk of financial harm, such as the fact she'd sent three international payments with a value of over £20,000 in three days, and each they'd increased in value. In addition, the funds used to make the payments credited Miss W's account and were shortly paid out, which having reviewed Miss W's account transactions, is out-of-character for her.

With the above in mind I think that when HSBC intervened it ought to have made personal contact with Miss W, so that it could have a conversation with her about the payment, asking relevant and effective follow-up questions based on her answers.

*What did HSBC do and was it enough?*

HSBC has provided evidence to show that it asked Miss W for the purpose of the payments she made on 23 November 2022, 25 November 2022, 9 December 2022, 20 December 2022, and she responded by telling it she was paying for goods or services. It also asked for the purpose on 9 January 2023, 10 January 2023 and 18 January 2023 and Miss W said she was paying friends and family. Finally it asked for the purpose of the payment on 21 June 2023 and Miss W again said she was paying for goods or services.

I note the each of the warnings were tailored to the payment purpose Miss W had chosen, so those applicable to the purpose of “buying goods and services” weren’t relevant to the actual reason Miss W was making the payment, but HSBC relied on the information Miss W gave it. Miss W was required to acknowledge that she’d read the warning and that HSBC might not be able to recover the funds if they were sent to a fraudster, which she did.

For the payments where Miss W told HSBC she was sending money to friends or family – which more closely resembles the reason Miss W believed she was making them – the first point of the warning said “**Do not** make the payment if you’ve only met someone online”. Although Miss W hadn’t in fact met the scammer in real life she was required to agree that she’d read and agreed to this warning before the payments were processed, which she did.

In addition to the written warnings I’ve outlined, HSBC says two of the payments Miss W made were blocked by its fraud detection system, and it spoke to Miss W by phone each time. I’ve listened to both calls and although I haven’t transcribed them, I’ve provided a summary of each below.

The first call took place the day after Miss W attempted to make a payment of £11,650 on 18 January 2023. Having listened to this call, I’m satisfied that HSBC’s intervention was sufficient and effective. HSBC conducted a detailed and thorough investigation, asking numerous questions to probe the legitimacy of the payment and providing robust warnings about the risks involved. Miss W chose to cancel the payment as a result of the warnings given during the call. Miss W ultimately went on to make a larger payment to a different payee later that day, which she has now confirmed to be part of the scam (payment 14).

During the call, HSBC asked Miss W to explain the purpose of the payment, to which she responded that she was sourcing goods and toys from Turkey as part of her freelancing work. HSBC sought clarification on why she had selected “paying family and friends” as the payment reason, and Miss W explained that it was late at night and she “just clicked it.” HSBC pointed out that a more appropriate reason, such as “buying goods and services,” was available, and Miss W acknowledged this.

HSBC further enquired whether the payment was going to a person or a business. When Miss W confirmed it was to a person, HSBC pressed her for the name of the business the individual worked for. Miss W admitted she didn’t have the business name but described the payee as someone she had known through word of mouth and trade fairs. She elaborated that he was a representative for multiple companies and had sourced goods for friends and businesses in the past, although this was the first time she was buying from him directly. Miss W stated she expected to receive the goods within 30 days and had a text message confirming this.

HSBC probed further, asking how Miss W had verified the payee. She claimed her knowledge came from her professional background and career in sourcing goods. The agent expressed concern that Miss W didn’t have an invoice or any other formal documentation and warned her that HSBC likely couldn’t recover funds if the transaction turned out to be fraudulent. Miss W confidently assured the bank that she was certain about the legitimacy of the deal, describing it as “what she does” in her line of work.

As the call went on, HSBC also asked Miss W if she'd been instructed by anyone on how to respond to the its questions, to which she firmly replied that she had not. It further enquired as to whether she'd been pressured with limited-time offers or other tactics, and she denied this as well. HSBC provided fraud warnings throughout the call, advising Miss W to ensure the payment was genuine and reiterating the risks involved.

When asked whether she wished to proceed, Miss W ultimately decided to cancel the payment, stating, "I don't feel that you're happy with it, and if you're not happy, I'm not happy." She thanked HSBC for its warnings and advice. However, towards the end of the call, she enquired whether making a payment to a previously used payee would bypass fraud checks. This suggests she was already considering alternative ways to make the transaction. Just two hours later, she made a larger payment of £14,200 to a different payee.

HSBC's intervention during the call was both robust and effective. It asked detailed questions about the payment, repeatedly challenged Miss W's explanations, and provided clear and tailored fraud warnings. However, Miss W gave confident and persuasive answers, often adding specific details to bolster her story, such as her attendance at trade fairs and having sourced goods through similar channels previously. Her tone and responses likely reassured the bank, but her later actions indicate a clear intent to bypass its concerns and proceed with payments.

On 21 June 2023, another intervention call took place when Miss W attempted to make payment 17, for £3,500. HSBC began by confirming that Miss W had initiated the payment. Miss W confirmed the payment and provided details of the payee, noting that it was not the first payment she'd made to this individual. She mentioned there might be additional payments in the future as she was renovating her garden and was interested in purchasing more rugs, which she described as "beautiful and much cheaper than in England."

HSBC asked if Miss W had received a fraud warning message and which option she'd selected. She confirmed she had chosen "buying goods and services." HSBC explained the risks associated with such payments, particularly that funds sent to fraudsters are often irrecoverable. When asked why she was making the payment, Miss W stated it was to purchase furniture for her garden, which was 30% cheaper than buying similar items in the UK. She described the payee as a family friend, her cousin's best friend, and that she'd know them for around 15 years, and said she trusted him due to their long-standing connection.

Miss W clarified that the payment was being made to a personal account, not a business account. HSBC raised concerns about recent fraud cases and sought more information about the setup of the business. Miss W explained that the payee was purchasing the items on her behalf and that she was reimbursing him. When asked why she wasn't purchasing the goods directly from the company, she explained this was due to the longstanding history of the payee helping her family.

When she was asked about whether she'd received the goods yet, Miss W told HSBC she hadn't but was "150% sure" they would arrive, referring to similar past transactions. HSBC queried whether the price seemed too good to be true, such as by being heavily discounted, and Miss W responded that while the price was cheaper, it was reasonable for goods sourced from abroad. HSBC followed this up with questions about export cost, but Miss W maintained that the deal was still cheaper overall.

HSBC then asked how Miss W had obtained the payee's account details, and she explained that her cousin had provided them over the phone. She confirmed that the phone number used to contact her cousin was longstanding. HSBC also checked whether Miss W had experienced any suspicious calls or if she was on another call while speaking with it. HSBC provided information about common scams, including "safe account" and impersonation scams, which Miss W acknowledged, but she also reiterated her confidence that the payment was legitimate.

The conversation turned to how Miss W discovered the products she intended to buy. She initially hesitated before mentioning a website specialising in garden furniture from abroad. When HSBC asked how she'd become aware of the website and she explained that she'd been actively searching for affordable garden furniture in Turkey. HSBC reiterated the risks associated with fraudulent websites and emphasised the importance of checking reviews and using secure payment methods, such as debit or credit cards, for increased protection. Miss W confirmed that the website had good reviews and again expressed confidence in the goods.

Throughout the call, HSBC issued detailed warnings about the risks of fraud, including fraudulent websites, social media scams, and discounted goods that may not be genuine. Miss W assured HSBC that she understood the warnings and remained certain about proceeding with the payment. After some additional discussion regarding previous login issues, HSBC was satisfied with Miss W's responses, and the payment was released.

Having considered this call I'm satisfied that HSBC conducted a thorough and robust intervention. The representative asked relevant and probing questions, provided detailed warnings, and took appropriate steps to mitigate the risks of fraud. But it's clear that Miss W wasn't truthful during the call. She again added extra details to make her story appear credible, even though some of her responses were hesitant, particularly when explaining how she discovered the products.

Given these circumstances, I don't intend to hold HSBC responsible for the ineffectiveness of this intervention. HSBC's process is reliant on the consumer's honesty, and HSBC acted diligently based on the information provided by Miss W. There was little more HSBC could have done in this instance to prevent the payment.

Although HSBC didn't intervene until later in the series of payments than I think it ought to have, given Miss W's behaviour, I find it likely that she would have misled HSBC regardless of how when, many times or how effectively HSBC had intervened. Even with further scrutiny or repeated warnings, Miss W's determination to make the payments suggests she would have found a way to proceed. It's also important to note that even after the successful intervention during the first phone call, where Miss W agreed not to make one of the payments, she continued to make further payments afterwards, including one on the same day. And with this in mind, I don't intend to hold HSBC responsible for the losses that Miss W experienced as a part of this scam.

#### Recovery of the funds

HSBC has provided evidence that it contacted all of the receiving banks as soon as Miss W made it aware she'd been scammed.

But as HSBC wasn't aware of the scam until around a year after it happened, chances of recovering any of the funds was highly unlikely as funds obtained fraudulently are often withdrawn within hours, if not sooner.

I can see HSBC received responses from some of the banks stating that the funds had already been withdrawn, advising the only route to pursue a claim for recovery would be through the courts. Although this is disappointing, banks outside of the UK aren't required to comply with recovery requests in the same way as domestic banks, and HSBC's recovery attempts would've been on a "best endeavours" basis only. I understand that HSBC returned £10,831.44 in December 2022 that it recovered due to errors with the payments, but there's nothing more I'd have expected it to do in order to recover anything further.

In response to my PD Miss W raised several points which I've summarised below. She also provided a copy of the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code.

#### Grooming and its impact

Miss W said the decision doesn't fully consider the psychological effects of grooming and seeks clarification on whether expert insights were considered.

#### Transaction patterns

Miss W questions why HSBC didn't intervene earlier despite high-value, frequent transactions to multiple payees, and asks about HSBC's fraud detection processes.

#### Banking Protocol

Miss W questions what action HSBC took to comply with the Banking Protocol.

#### Compliance with the APP scam code

Miss W argues that HSBC's actions should align with APP scam code principles. She's questioned the adequacy of its warnings, fraud education, and follow-up measures.

#### Tone of the decision

Miss W feels the provisional decision places too much responsibility on her.

#### Behavioural assumptions

Miss W challenges the conclusion that earlier intervention wouldn't have changed the outcome, and she seeks evidence supporting this viewpoint.

### **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 appreciate that this has been an incredibly difficult experience for Miss W and I want to reassure her that I've carefully considered all the points she has raised. My role is not to attribute blame but to decide whether HSBC acted fairly and reasonably in the circumstances, and having done so, I'm still satisfied that it did. I hope the following explanations under each point Miss W raised help clarify my decision and address Miss W's concerns.

### **Recognition of grooming and its impact**

I fully acknowledge the serious impact that grooming and romance fraud can have on victims. Fraudsters often employ sophisticated tactics to manipulate individuals, fostering emotional dependence and clouding rational decision-making.

But my decision must focus on whether HSBC acted appropriately based on the information it had at the time. Whilst I accept that grooming may have influenced Miss W's perception of events, HSBC could only respond to the information available – primarily the reassurances she provided when questioned about the payments, and the additional details she provided as part of her cover story to strengthen its legitimacy.

In the absence of clear indications that she was at risk, HSBC had limited grounds to intervene further, and the question remains as to whether any further interventions would've been successful in any case. My conclusion that earlier or additional intervention may not have changed the outcome is not intended to diminish the complexities of grooming, but reflects what is most likely to have happened based on the evidence. I appreciate Miss W has a different opinion to me on this matter but as an ombudsman I'm required to express my objective and unbiased opinion based on the facts of the case – and that's what I've done here.

## **Volume, value, and multiple payees**

I recognise that the number of transactions, the high values involved, and the use of multiple payees are factors that can raise concerns about potential fraud. My decision acknowledges that HSBC could have identified the risk and stepped in sooner; but it's also worth keeping in mind that banks assess risk based on various indicators, and high-value international transfers don't *always* automatically indicate fraudulent activity and therefore warrant an intervention.

When HSBC did intervene, it was reasonable for it to rely on the responses provided by Miss W, which indicated no immediate cause for concern. While the pattern of payments may, in hindsight, suggest fraud, I can only judge HSBC's actions based on what it knew at the time and whether its response was in line with industry standards. And as I've already explained, I think HSBC acted reasonably.

## **Adherence to the Banking Protocol**

The Banking Protocol was specifically designed to protect customers from making scam-related payments in-person, and encourages banks to work closely with the police in such cases. But as Miss W wasn't in one of HSBC's branches, the Banking Protocol doesn't apply in this case.

## **Adherence to UK Finance mandates and APP scam code**

The APP scam code primarily applies to payments made within the UK, but I agree that its principles can serve as valuable guidance for banks when handling international transactions. My provisional decision considers whether HSBC's interventions aligned with its broader duty of care and whether it acted in line with industry expectations.

I've noted Miss W's response quote several points that she says the APP scam code requires banks to do. These are that it should provide scam education, identify high-risk transactions, provide tailored and effective warnings, and take proactive measures to prevent fraud.

HSBC proactively identified high-risk transactions several times and delayed them from being made. It took steps to prevent the fraud from taking place by speaking to Miss W before the payments were released. During those calls it provided warnings and sought to educate Miss W about the risks associated with making the payments in question.

Whilst there will always be an argument that HSBC could've intervened more times, or in different ways, I'm satisfied that HSBC took reasonable steps in the circumstances, and that it's unlikely further interventions would've been effective. As I set out in my provisional decision, there's no clear indication that additional interventions would have altered Miss W's actions, given the reassurances she provided to the bank at the time.

I note Miss W's response states that my PD doesn't provide sufficient analysis of whether the interventions meet the standards set out in the APP Scam Code. But even if I were to find that the interventions were insufficient, I would also need to be satisfied that better interventions would have changed Miss W's behaviour, and consequently the end result, in order to uphold the complaint. As I don't think that's the case for the reasons I've already outlined, this doesn't change my decision.

## **Tone and victim blaming**

I regret if Miss W feels that the tone of my provisional decision places undue responsibility on her as that was certainly not my intention. I fully recognise the distress and emotional toll that romance scams can have on victims, and my focus remains on whether HSBC fulfilled its obligations, rather than on Miss W's actions.

My role requires me to carry out an objective assessment of the HSBC's actions based on the available evidence. Whilst it's understandable that Miss W feels HSBC should have done more, I cannot ignore Miss W's actions and how they impacted the effectiveness of HSBC's attempts to identify and uncover the scam. So although I've commented on Miss W's actions, this is in no way to blame her, but rather to illustrate what it was reasonable for HSBC to do based on its capabilities, obligations, and the information it had available to it from Miss W.

### **Request for evidence supporting behavioural assumptions**

In reaching my conclusion that further intervention may not have changed the outcome, I've considered the steps HSBC took and the responses Miss W provided when questioned. This conclusion is based on the available evidence – primarily the call recordings – and my experience of handling similar cases.

Whilst I recognise that grooming can significantly influence decision-making, HSBC was entitled to rely on the information provided by Miss W when assessing the legitimacy of the payments and Miss W's risk of being scammed. My decision reflects what I consider reasonable and most likely to have happened based on all of the information I've seen and been told, as well taking into account relevant rules, best practice, and our approach to complaints of this nature.

### **Miss W's provision of the Contingent Reimbursement Model ("CRM") Code**

The CRM Code sets out under "Scope" in section DS2(1) that it applies to payments "between GBP-denominated UK-domiciled accounts". As all of the payments made as part of this scam were international transfers, they were neither GBP denominated nor UK-domiciled. The CRM Code therefore doesn't apply in this case.

I appreciate that this outcome may be disappointing for Miss W, and I sympathise with the significant impact this situation has had on her. But for the reasons I've explained in my provisional decision and in this decision, my decision remains that HSBC acted reasonably in the circumstances when dealing with Miss W.

I hope I've been able to provide further clarity, and I want to reiterate my sincere empathy for what Miss W has experienced.

### **My final decision**

I don't uphold Miss W's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 21 February 2025.

Sam Wade  
**Ombudsman**