

The complaint

T, a limited company, complains that HSBC UK Bank Plc have declined to refund them for a payment they transferred to a HSBC account as the result of a scam.

What happened

The background to this complaint is well known to both parties, and largely not in dispute, so I will cover it only briefly here.

In September 2023 T received an expected invoice from a known organisation that they are a member of. The next day they received an updated invoice with new HSBC bank details to make payment to. T made the payment of £30,000, only to later find the organisation's emails had been intercepted and the second invoice had been fraudulent.

T contacted their own bank, who in turn contacted HSBC. Unfortunately, no funds remained to return to T.

Unhappy that HSBC had allowed the fraudulent account to be opened, they complained. HSBC responded to say that they had followed the correct account opening procedures but couldn't give any specific information about the account holder.

Dissatisfied with this T referred their complaint to our service. One of our investigators looked into what happened, but she didn't think HSBC had done anything wrong. T disagreed, and as such the complaint has been passed to me to decide.

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.

Firstly, I'd like to acknowledge that T has unfortunately been the victim of a crime here. So, I sympathise with them and the problems this will have undoubtedly caused. But here being the victim of fraud isn't the sole determining factor in reaching a decision on whether HSBC should be reasonably be responsible for refunding T's losses.

Here T doesn't have a direct relationship with HSBC, beyond being tricked into sending funds to an account held with them. So, while this falls within the remit of our service to look into. I can only reasonably suggest HSBC should refund T if I determine there were any acts or omissions by HSBC that could have reasonably prevented the loss, or there are other fairness reasons to do so. Having opened an account that is later used to fraudulently receive funds isn't in itself enough for me to conclude that HSBC could have prevented T's loss.

I should also note that because this complaint involves information about a third party, that I'm not able to share in detail with T. So, I apologise to T if there isn't as much detail as they would like, but I have described, as I'm required to, the evidence I've relied upon in reaching

my outcome. I hope this provides assurance that I have considered all the evidence available to me when determining what I see as a fair and reasonable conclusion.

Account opening

I've considered HSBC's checks and considerations when opening the account, and I'm satisfied that they carried out checks to verify the identity of the account holder and did their due diligence before opening the account. I've seen the identity documents provided, as well as the checks carried out on the named individual, as well as the limited company. I haven't seen anything in the application or identification documents provided, that they ought to have given HSBC concern that the account would be used to receive fraudulent funds. So, I don't see that there was a missed opportunity to prevent T's losses here.

Activity on the account

The account T paid was only recently opened, so there wasn't a great deal of transactions to build up a pattern of how the account was being used. From reviewing the statements of the account, there is nothing prior to T's payment that I would say ought to have prompted HSBC to make further enquiries or prevent any further transactions.

The arrival of T's funds represented the largest payment into the account by that point. But considering this was a business account, with an expected turnover of £65,000, I'm not persuaded that an inbound payment of £30,000 should have prompted enough concern from HSBC that they should have intervened at this point.

T's funds were rapidly dispersed over the next day. I might consider the first payment out to be of low enough value to not arouse any suspicion. But I see that after this it wouldn't have been unreasonable for HSBC to ask their account further questions and take a closer look at the account activity.

I don't see that it's likely that even if HSBC had intervened, this would have meant that the scam would have been discovered. The payments had been made in the name of the account holder. And as a newly incorporated business it wouldn't have been unusual for the business to receive funds and then have a need to pay for goods and services. This is the pattern of transactions from the HSBC account, and I'm not persuaded this was in an obviously fraudulent manner.

The fraudster had already managed to persuade T to make the payment with an altered invoice – and I don't see that it would be possible to provide documentation to HSBC to show their entitlement to these funds, as at this point, they wanted access to the funds in the HSBC account. I'm not persuaded that HSBC missed an obvious opportunity to prevent the funds leaving the account.

Response to the notification of fraud

As mentioned above, the funds were removed from the HSBC account within a day. So, by the time T realised the problem, all the funds had been forwarded on.

T have asked questions about what HSBC have done to prevent the account holder from opening an account with them again. But this isn't a question I can answer for him. Our service's remit is resolve individual disputes between eligible complainants and financial businesses. This wouldn't make a difference to the outcome of T's complaint, and to whether further funds could have been recovered.

So, for these reasons I'm not persuaded that HSBC response to the notification of fraud was unreasonable.

I appreciate T has lost out here, through no real fault of their own. But I can't say that HSBC ought to be responsible for refunding any of their losses.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 21 July 2025.

Thom Bennett
Ombudsman