

The complaint

Mr P complains that HSBC UK Bank Plc did not reimburse the £400 he lost to a scam.

What happened

Mr P was looking for a computer tablet for his daughter, and found one for sale on an online marketplace for £450. He contacted the seller and made an offer of £400, which they accepted. They provided their account details and Mr P paid £400 via bank transfer from his HSBC account on 19 June 2024. However, as soon as Mr P made the payment the seller stopped responding to him.

Mr P realised he had been scammed and raised a scam claim with HSBC. They provided a response explaining the beneficiary bank did not have any scam concerns about the payment and felt this was a civil dispute. They also said that they provided Mr P with a warning about goods purchasing scams when he made the payment, so they did not think they were liable for the amount.

Mr P referred the complaint to our service and our Investigator looked into it. They assessed the complaint under the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which gives additional protection to victim of authorised push payment scams. Having done so, they did not think HSBC needed to provide an effective warning in the circumstances, as they did not think the value of the payment or type of transaction was unusual. And they did not think Mr P had a reasonable basis to believe the goods were genuine, as Mr P had not asked for any photos of the item before buying it to ensure the seller had ownership of it.

Mr P disagreed with the outcome, and he said the individual who took his money is the one who should provide the evidence.

As an informal agreement could not 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.

The starting point under the relevant regulations and the terms of Mr P's account is that he is responsible for transactions he's carried out himself. However, HSBC are signatories to the CRM Code and, taking into account regulators' rules and guidance, codes of practice and what I consider to have been good industry practice at the time, should have been on the lookout for unusual and out of character transactions to protect its customers from (among other things) financial harm from fraud.

I have considered the provisions of the CRM Code. There are two relevant exceptions to reimbursement:

- Mr P ignored an 'Effective Warning'

- Mr P made the payments without a reasonable basis for believing that they were for genuine goods or services; and/or the individual he was dealing with was legitimate.

I've firstly considered if HSBC was required to provide an effective warning in the circumstances, which it would need to do if there was a reasonable indication Mr P may be the victim of financial harm. I've reviewed the payment alongside his genuine account activity on his statements and on balance, I don't think the payment of £400 was particularly high value or unusual when compared to his genuine account activity. With this in mind, I do not think HSBC was required to provide an effective warning under the Code.

I've gone on to consider whether Mr P had a reasonable basis to believe that he was buying genuine goods/services or that the individual he was dealing with was legitimate. I can see Mr P was buying goods online from a private seller with no safety net or guarantee that they were genuine. In this circumstance, I would expect him to be wary of any red flags that may indicate the individual was not genuine. As Mr P was not viewing the item in person before purchasing it, I think it would have been reasonable for him to ask to see specific pictures of the item, to ensure the individual had possession of it. I can see he later asked for proof that it was being posted, but this was after he had already sent the money.

In addition to this, I think Mr P could have seen the original asking price of £450 as too good to be true. Even today, over a year after Mr P found the advert, £450 would be a very low price for the product he was purchasing. And Mr P went on to lower that asking price even further to £400. On balance, I think he could have seen this as a warning that something was not right, and he could have taken additional steps to ensure the seller was genuine. I therefore think it is reasonable that HSBC applied an exception to reimbursement under the Code.

As I think HSBC met its obligation under the Code, and I think it was fair for HSBC to apply an exception to reimbursement as set out above, I think it is reasonable that HSBC did not reimburse Mr P under the CRM Code.

My final decision

I do not uphold Mr P's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 September 2025.

Rebecca Norris
Ombudsman