

The complaint

Miss W complains that HSBC UK Bank Plc ('HSBC') won't refund the money she lost after falling victim to a scam.

What happened

The background to this complaint isn't in dispute, so I won't go into detail.

In summary, Miss W met someone online - I'll refer to this individual as R. Miss W and R talked on a regular basis and a relationship developed. R said he was an IT manager and did some online trading.

After a couple of months, R suggested that he could help Miss W make some money through online trading. He said she only needed to start with £200 and got her to download an investment app.

Miss W says she watched her investment balance increase until it was around £22,000, when she tried to withdraw her funds.

Unfortunately, R was a scammer, and Miss W hasn't received any of her investment back.

In January 2024, Miss W used her HSBC credit card to move £2,008.40 to an account she held with an Electronic Money Institute (EMI) who'll I'll refer to as W – as part of the scam. The funds were then transferred to an account controlled by the scammer.

Miss W raised a fraud claim with HSBC, asking that they refund her.

HSBC declined to refund Miss W, saying the loss occurred on Miss W's account with W so they aren't responsible. They also explained that Miss W didn't have a valid Section 75 claim under the Consumer Credit Act 1974, or Chargeback rights – as the funds went to an account in her name.

Miss W wasn't happy with HSBC's response, so she brought a complaint to our service.

An investigator looked into Miss W's complaint but didn't uphold it. The investigator wasn't satisfied that HSBC should've been concerned when Miss W made the payment, so didn't think they should've intervened. The investigator explained that as Miss W moved the money to an account with W, before it was moved onto an account controlled by the scammer, she wasn't entitled to a refund under Chargeback or Section 75.

Miss W asked for an ombudsman to review her case. She says R was putting her under intense pressure to invest at a time when she was already vulnerable. Miss W has shared details of the different personal circumstances she was going through at the time and how they made her vulnerable to the scam.

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'm really sorry that Miss W has been the victim of such a cruel scam, which played on her vulnerability at a difficult time in her life. Unfortunately, being the victim of a scam, doesn't necessarily mean that Miss W is entitled to a refund.

Having carefully considered all of the evidence, I've reached the same answer as the investigator – for the following reasons.

Miss W's transfer isn't covered by the Contingent Reimbursement Model Code (CRM Code). The CRM Code only covers authorised push payments between two accounts held in the UK, where the funds have been transferred to another person. In this case Miss W transferred money to her account with W from HSBC, so it didn't go to another person.

In broad terms, the starting position in law is that HSBC are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider HSBC should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams.

Also, I'd expect HSBC to have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

Considering the size of the payment, that it was a one-off payment and not part of a series, and that it was going to an account in Miss W's name – I wouldn't have expected HSBC to have been concerned that Miss W may have been at risk of financial harm. So, I wouldn't have expected HSBC to have intervened when Miss W made the payment.

Credit card payments can offer additional protection through the Chargeback Scheme or Section 75 of the Consumer Credit Act 1974. As Miss W moved the money to an account in her name, before moving it onto the scammer – she doesn't have the necessary relationship under Section 75 to have a valid claim and her payment isn't covered by this legislation. Miss W would need to have moved the money directly to the supplier/recipient for this to apply, whereas in her case, the funds went via her account with W.

HSBC would only be expected to raise a Chargeback where there is a reasonable prospect of success, which isn't the case for Miss W's payment. As Miss W moved the money to her account with W – W provided the service paid for – which was a transfer of funds. So, I'm satisfied that Miss W isn't entitled to a refund under the Chargeback Scheme.

Miss W has explained the difficult personal circumstances that she was going through at the time she made the payments. While I appreciate that this would've made her more susceptible to the scam, I haven't seen anything that suggests HSBC were aware of this vulnerability. So, I can't fairly say HSBC should've taken action as a result.

I realise that Miss W will be very disappointed as this scam has had a serious impact on her. But, I'm not satisfied that I can fairly hold HSBC liable for her loss or ask them to refund her.

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 Miss W to accept or reject my decision before 29 April 2025.

Lisa Lowe
Ombudsman