

The complaint

Miss A is unhappy HSBC Bank Ltd will not refund all the money she lost as the result of a scam.

What happened

As both parties are aware of the details of the scam I will not repeat them in full here. In summary, Miss A fell victim to a job/task scam. She was contacted via WhatsApp and offered the opportunity to complete tasks (evaluating mobile apps) to earn commission. She was told that to access the tasks she first needed to make deposits. She made the following payments by debit card to a money transfer service as directed by the scammer.

payment	date	value
1	03/09/2024	£73.66
2	04/09/2024	£102.99
3	04/09/2024	£42.05
4	04/09/2024	£467.22
5	04/09/2024	£1,140.18

HSBC intervened in payment 5 yet Miss A went ahead with it after their discussion. After Miss A realised she had been scammed and complained to HSBC it offered to refund 50% of the last payment, accepting it could have provided additional scam warnings at that point. She rejected this offer.

Our investigator said it was a fair offer. HSBC had intervened at the right time but had it provided better warnings it could have stopped the scam. She felt it was reasonable Miss A should share the liability.

Miss A disagreed, saying this was unfair. She asked for an ombudsman's review.

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.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. It is not in dispute here that Miss A authorised these five payments.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in September 2024 that HSBC should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;

- have had 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). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;*
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

HSBC's systems flagged payment 5 as unusual and so it and contacted Miss A. I think this was an appropriate time for it to intervene; it was the fourth payment made in a couple of hours and the value had increased substantially. HSBC has said in its final response letter that it accepts the intervention was not as good as it should have been. Meaning it did not prevent the fifth scam payment when it could have. But it only offered to refund half the loss as it felt Miss A also could have done more to prevent her loss.

I find this to be a fair and reasonable position. In cases like this we always consider carefully whether the bank's customer should hold some responsibility for their loss by way of contributory negligence. Accepting that Miss A is not the fraud expert - that is the role of HSBC, I do think she missed some clear signs that the opportunity might not be legitimate.

Miss D told us she did research the opportunity but unfortunately the scammers had cloned a legitimate digital marketing agency. However, having to pay money upfront to do a paid job is unusual and should have raised Miss A's suspicions, particularly as it seems Miss A had no contractual terms of employment to review and accept, nor was there any documentation setting out the terms of the upfront payments. And to have to make such payments in disparate amounts via a money transfer service should also have been a red flag. The rate of commission was also in the category of 'too good to be true'.

In the round, I have not seen that Miss A carried out an adequate level of independent checks to address these anomalies before going ahead. It follows I think the parties are equally liable for the loss from payment 5.

Did HSBC do what it should to try to recover Miss A's money?

As the payments were made by debit card the opportunity to recover the funds would be through the chargeback scheme. But I don't consider that any chargeback claims would have had any prospect of success. There would have been no valid chargeback right given there was no dispute that the money transfer service provided the service it 'sold' to Miss A. The funds were sent on to the beneficiary account as she instructed so she had no dispute with the money transfer service. This means I can't say there was any failing in this regard on HSBC's part.

Putting things right

HSBC should:

- pay 50% of payment 5 to Miss A (so £570.09); and
- pay interest on this amount at the rate of 8% simple per year from the date of the payment to the date of settlement.*

*If HSBC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss A how much it has taken off. It should also give Miss A a tax deduction certificate if she asks for one, so she can reclaim the tax if appropriate.

I have found no grounds to award any additional compensation. I am sorry Miss A lost a considerable amount of money which was very distressing for her. And I do accept Miss A has fallen victim to a sophisticated scam. I can understand why she would like to be compensated for the impact on her, as well as her financial loss. But I don't consider that the bank, which had no involvement in the scam itself, can be fairly held responsible for the distress which was caused by the scammer.

My final decision

HSBC UK Bank PLC has already made an offer to pay 50% of payment 5, plus interest, to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that HSBC UK Bank PLC should now make that payment.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 September 2025.

Rebecca Connelley
Ombudsman