

The complaint

T, a limited company, complains that HSBC UK Bank Plc won't reimburse them for funds they lost to a scam.

T has appointed professional representatives for this, but for ease of reading in this case I'll refer solely to T.

What happened

T banks with HSBC. In April 2024 a director of T was called by someone claiming to be from HSBC's fraud team, saying that multiple fraudulent attempts had been made on T's debit card. After confirming that this weren't genuine, the director was told by the call that they would need to be investigated.

Later the same day the director was called again and asked for make a number of "dummy payments" to verify that they were the genuine account holder. The director was told that no money would leave the account. The director then made a series of payments to new payees provided by the caller. But he then grew suspicious and contacted his HSBC relationship manager – at which point it was discovered he'd fallen victim to a scam. In total T lost over £40,000.

HSBC contacted the receiving banks and were able to recover £8,653.04. They declined to reimburse T for the rest – reasoning that T did not meet the criteria for scam reimbursement under the Lending Standard Board's Contingent Reimbursement Model (CRM) code. They said the payments were made using the director's secure key, and they would never ask a customer to move funds to another account. They did not see they were liable to refund T.

Dissatisfied with this answer T referred their complaint to our service, arguing that the payments were unauthorised. They also argued that the activity was suspicious enough that HSBC ought reasonably to have intervened. One of our investigators looked at what happened, but she didn't agree that the payments were unauthorised, or that HSBC did anything wrong by allowing the transactions to go through.

T did not agree, and still thought HSBC should refund them. As no agreement could be reached 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.

Having done so, I've reached broadly the same conclusions as the investigator. I appreciate that will be disappointing to T, but I'll explain why.

Were the payments authorised?

T has argued that the payments were unauthorised, as the director didn't believe that funds would leave the account. The relevant UK regulations in relation to payments are the Payment Services Regulations 2017 (PSRs). Broadly these say that a payment service provider – here HSBC – would be expected to process genuine payment requests promptly. If a payment has been authorised correctly, then there's generally no requirement in the PSRs for them to be refunded.

There doesn't seem to be any dispute that the director of T carried out the payments, in line with the instructions from the fraudster. I've seen no credible evidence that the payments were carried out by a third party. So, the payment instructions were given to HSBC by someone with authority to transact on the account and authenticated using genuine details. In PSR terms, the director has completed the agreed form and procedure to give consent to HSBC to debit the account.

I've considered the argument that the director was told by the fraudster that these would be "dummy payments" and no money would leave the account. I've no reason to doubt this, and I'm sorry that he was misled in this way. But I'm not persuaded that the PSRs make a provision for this – ultimately the payment requests were given to HSBC in the agreed way, which had been used previously. For the purposes of authorisation there's no need for HSBC to understand the underlying reason or purpose for a payment.

Here, I'm satisfied that it's reasonable for HSBC to treat the payments from T's account as authorised. As such there's no specific obligation on them to refund T for their losses. But I have gone on to consider what's fair and reasonable in all the circumstances of the complaint.

Should HSBC bear some responsibility for refunding T?

For completeness' sake, I've considered whether T would be covered under the CRM code, of which HSBC is a signatory. But the largest size of business the code covers are "micro-enterprises" – which are enterprises that employ fewer than ten people and also have either assets or turnover under €2m. From the available accounts T, and related enterprises, I understand that they have more employees than this. The CRM code isn't a relevant consideration here.

But HSBC, like all banks in the UK, are expected to have systems in place to monitor accounts and payment activities to look out for signs of financial harm – such as fraud or money laundering. If a particular transaction, or series of transactions, looks out of place, or especially high risk, then I may expect the bank to intervene. The hope here is that the bank's intervention stops the payment being made.

But there needs to be a balance to be struck between allowing customers to transact freely and interrogating every transaction. Any intervention would need to be proportionate to the perceived risk. Here, HSBC have identified that several of the payments from T's account were deemed a higher risk. They say they presented warnings which would have required to be acknowledged and clicked through before processing the payments. The question for me is whether this was proportionate, or whether HSBC ought to have done more – such as intervened and contacted the director about the payments.

Having reviewed T's account history, I'm not persuaded that the payments stand out as particularly unusual, or strongly indicative of fraud. The largest payment processed was for £8,640, but T's account had regularly been used to process payments of significantly higher value than that – such as over £38,000 in the days before the scam. And the total value of transaction didn't come close to exhausting the balance of the account – there is still close to £200,000 available.

The pattern of transactions, of having a quick series of payment to new payees, is not the usual operation of the account. But each payment has a positive Confirmation of Payee match – so the account name entered matched the destination account. And the director's genuine credentials were being used. For a business the size of T, I also see that it would be reasonable for HSBC to expect them to have their own processes and controls to mitigate risks before requesting payments. On balance I'm not persuaded that HSBC would be reasonably expected to intervene and ask further questions before processing the payments.

Could HSBC have done more to recover the funds?

Once a bank customer reports a scam, it's important that HSBC attempt to recover the funds as quickly as possible. Fraudster often will look to disperse funds rapidly, making it hard for them to be recovered.

Here, I'm satisfied that by the time the director has contacted HSBC to report what had happened the fraudsters had already moved on most T's funds from the various accounts they were sent to. One payment on £8,640 was recovered in full, and there were smaller amounts recovered from other accounts. But overall, I don't see that there's compelling evidence that HSBC could reasonably have recovered more of T's funds.

Summary

I've no doubt this was a various difficult experience for the directors and employees of T, and I'm sorry they've lost out because of the actions of the fraudsters. But my role here is to consider HSBC's actions. And having done so, I'm not persuaded that they were so unreasonable that they ought reasonably to be responsible for refunding T their remaining losses. On that basis I'm not asking them to do anything further.

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 23 September 2025.

Thom Bennett
Ombudsman