

The complaint

Ms S has complained that HSBC UK Bank Plc (trading as First Direct) won't refund the money she lost after falling victim to a scam.

What happened

Both sides are most familiar with the case, so I'll summarise things in brief.

Ms S was contacted by a scammer who was a member of the same spiritual group chat. The scammer built a rapport with Ms S, such as by complimenting her and adding her on social media, and she felt she could trust them. The scammer asked Ms S to send them £3,500, which they promised to pass to an investor on her behalf, for guaranteed exceptional returns. Ms S did so via an international payment.

Ms S didn't receive a promised account on a trading platform, the scammer asked for an even larger additional fee, and they became defensive. She realised she'd been scammed.

Eight days after the payment, Ms S reported the scam to HSBC. HSBC tried to recover the money from the international receiving bank, but no funds remained. HSBC didn't think they were otherwise liable for the loss.

Our Investigator looked into things independently and didn't uphold the complaint. Ms S asked for an ombudsman's final decision, so the complaint's 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.

First, I must clarify that we're not the regulator – that's the Financial Conduct Authority (FCA). So we don't regulate banks, and we don't set their processes or the way they work across the board. We're an informal dispute resolution service, here to decide individual complaints about individual situations. So while I understand that Ms S wants a formal review into HSBC's policies, that's not what we're here for. Instead, I'll keep my decision focused on this individual case.

Similarly, we're not a court. We're a dispute resolution service, here to assess complaints more quickly and informally than a court. So while I've read and taken into account everything that both sides have provided, I won't necessarily comment on everything or go through every point on a point-by-point basis. Instead, I'll keep my decision focused on what I've found to be the key points.

I understand that Ms S fell victim to a scam, and so she has my sympathy. I appreciate this cannot have been an easy matter for her to face, and I appreciate why she would like her money to be returned. It's worth keeping in mind that it's the scammer who carried out the scam, and who really owes Ms S her money back. But I can only look at what HSBC are responsible for. Having carefully considered everything that both sides have said and provided, I can't fairly hold HSBC liable for Ms S's loss. I'll explain why.

While I understand Ms S wishes to rely on the CRM Code, that code specifically does not cover international payments like this one. So I'm afraid it's not relevant here. I've instead assessed the case under the relevant rules.

It's not in dispute that Ms S authorised the payment involved. So although she didn't intend for the money to go to a scammer, under the Payment Services Regulations she is liable for the loss in the first instance. And broadly speaking, HSBC had an obligation to follow her instructions – the starting position in law is that banks are expected to process payments which a customer authorises them to make.

HSBC should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. But a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. I've thought carefully about whether HSBC should have done more in Ms S's case.

However, I don't think the payment involved was so unusual or out of character that HSBC needed to intervene. I acknowledge it was an international payment, but HSBC don't necessarily have to intervene every time a customer makes a new international payment. I also acknowledge it was a substantial amount for Ms S to lose. However, in the preceding period Ms S had made many payments of similar or far larger amounts, both to her accounts at other firms and to other people's individual and business accounts. So this payment was not very out of character for this account. And even if we set Ms S's payment history aside (and I don't agree with her that we should), the amount of the scam payment wasn't quite so large as to have been of particular concern in and of itself. It was just the one payment, rather than a series of rapid ones. It did not drain the account by any means – there was a very substantial balance left after. It was authorised by the genuine customer – security was not bypassed, and there was nothing else which would've sufficiently shown HSBC that something was wrong. And Ms S didn't contact HSBC at the time, so they didn't miss an opportunity to discuss the payment during any existing conversation. So while I understand that Ms S now wishes HSBC had intervened and called her or warned her further, I find that they were not required to do so in this particular situation.

Next, I've considered what HSBC did to try to recover Ms S's money after she told them about the scam. I can see that after she reported the matter, HSBC contacted the receiving bank through the correct channel, and the receiving bank confirmed that no funds remained. Ms S suggested that HSBC should've frozen the payment, but she reported the matter much too late for HSBC to be able to do that – the transaction was eight days prior and had already gone through. It's worth keeping in mind that scammers will tend to move on the money as quickly as possible, before the victim realises they've been scammed. By the time Ms S reported things, it was never likely that her money could be returned. So while HSBC could've potentially contacted the receiving bank more quickly, it's most likely that would not have made any difference in her case. And the receiving bank have confirmed that the funds are gone. There's nothing more that HSBC can reasonably do to get that money back.

Ms S pointed out that the money involved was worth more to her than to HSBC, given how much more wealth the bank had. That may be so, but that'll be true in the vast majority of cases between a bank and their customer. Our decisions are based on what's fair, not on who has a lower net worth. I'm sure Ms S would not think it was fair if we forced her to pay her own funds to someone she didn't owe money to, just because they had a lower net worth than her. I cannot fairly or reasonably make HSBC pay Ms S money they don't owe her just because the money would mean more to her.

Ms S also pointed out that we've upheld many other cases about scams. But while I can understand why she thought to raise that, we look at each case on its own merits. We don't automatically uphold every single case about scams. Different scams work in different ways, different customers react to them in different ways, different rules were in place at different times, and so on. I've explained above why I've found that HSBC are not liable to refund the loss in *this* particular case.

Lastly, I appreciate that the scam caused Ms S a great deal of distress. But as I said before, it was the scammer who carried out the scam, not HSBC. And, as above, I've not found that HSBC caused any loss or that they're liable. So it's the scammer who is responsible for that distress, rather than HSBC. I've not found any reasonable basis on which to tell HSBC to pay compensation for distress here.

So while I'm sorry to hear about what the scammer did to Ms S, I find that HSBC cannot fairly be held responsible for her loss. And so I can't fairly tell HSBC to refund Ms S's money in this case.

My final decision

For the reasons I've explained, I do not uphold this complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 7 May 2025.

Adam Charles
Ombudsman