

The complaint

Mr K complains that HSBC UK Bank Plc won't refund several payments he says he made and lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr K complains HSBC won't reimburse the money that he lost when he fell victim to a task-based employment scam.

Payment 1	06-Oct-24	£50.00
Payment 2	07-Oct-24	£1,002.98
Payment 3	07-Oct-24	£890.99
Payment 4	07-Oct-24	£2,112.99
Payment 5	07-Oct-24	£902.99
Payment 6	07-Oct-24	£2,478.64
Payment 7	07-Oct-24	£2,491.64
Payment 8	07-Oct-24	£368.99
Payment 9	08-Oct-24	£2,492.98
Payment 10	08-Oct-24	£2,126.35
Payment 11	08-Oct-24	£990.99
Payment 12	09-Oct-24	£2,418.42
Payment 13	09-Oct-24	£2,494.54
Payment 14	11-Oct-14	£3,000.00
Payment 15	14-Oct-24	£1,000.00
payment 16	15-Oct-24	£500.00
Payment 17	15-Oct-24	£1,000.00
Payment 18	16-Oct-24	£1,500.00
Payment 19	16-Oct-24	£1,000.00
Payment 20	16-Oct-24	£1,500.00
Payment 21	16-Oct-24	£990.00
Payment 22	17-Oct-24	£500.00
Payment 23	17-Oct-24	£310.00
Payment 24	18-Oct-24	£700.00
Payment 25	18-Oct-24	£500.00
Payment 26	18-Oct-24	£700.00
Payment 27	18-Oct-24	£240.00

Payment 28	18-Oct-24	£20.00
Payment 29	18-Oct-24	£22.00

Mr K raised a complaint with HSBC, but it wasn't upheld. So, Mr K brought his complaint to our service.

Our investigator didn't uphold the complaint. She found HSBC did intervene, but Mr K didn't give accurate answers to the questions it asked. Our investigator also found other banks Mr K used to send payments to the scam asked similar questions and he wasn't forthcoming with accurate information there either.

Mr K has asked for the matter to be referred to a 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, HSBC ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I have reviewed Mr K's account and the payments he made to the scam. Having considered when they were made, their value and who they were made to, I'm satisfied that payment 6 of £2,478.64 had taken the total value that day to an amount that suggested Mr K might be at a heightened risk of financial harm due to fraud or a scam. So, I'm persuaded HSBC reasonably ought to have been concerned.

Given the value and the identifiable risk, I'm satisfied a proportionate intervention would have been an automated series of questions to establish more around the purpose of the payment. HSBC should then have given a tailored warning relevant to the answers Mr K gave to its questions.

So, I've gone one to think about what impact I think that intervention would have had on Mr K. Having done so, I don't think it would have stopped him from making these payments. I'll explain why.

HSBC did stop a payment a few days later and ask Mr K for the payment purpose. Mr K chose paying family and friends (which is in-line with what he told all his other banks). Mr K then had a payment stopped on 14 October and again told HSBC that it was festival month, and he was paying family and friends. He goes on to say that no one has asked him to make the payment, and he has control over his finances and the advisor is asking unnecessary questions. Mr K then complains that the questions amount to harassment and asks to make a complaint and speak to a manager.

So, even if HSBC had asked further questions on the earlier or later payments, I'm not persuaded that Mr K would have been open and honest with his answers to those either. I think it's most likely he would have given answers that would have alleviated HSBC's concerns.

Specifically, I'm persuaded that Mr K would've maintained that the payments were for friends and family, and any warnings given would have been irrelevant given the information they would have contained, as they would've been relevant to a different payment purpose and the incorrect one Mr K selected. Mr K was giving a plausible and persuasive reason for the payments, and I'm satisfied HSBC had no further readily available information that would have caused it to question this.

As Mr K did not provide accurate responses to HSBC's questions, he denied it the opportunity to attempt to uncover the scam and prevent his losses.

From payment 14 on 11 October 2024, Mr K started to make payments back to one of his own accounts. This would've looked less suspicious to HSBC, but as I've said above, it decided to intervene anyway. The payments also started to decrease to much smaller values rather than increase - which is not typical of the scams we see. Based on the evidence provided by all the banks involved in this complaint, I think it's most likely Mr K would've sent these funds to the scammer even if HSBC had refused to put them through. Mr K was moving money around to different accounts in his name, said he had been coached by the scammer and based on the responses he was giving to the questions being asked by all the businesses involved he appeared determined to make the payments.

Recovery

As Mr K sent the money to accounts in his own name, no recovery rights are possible. If any money was still in those accounts, Mr K would be able to recover them himself.

Trouble and Upset

HSBC accepts it didn't provide great customer service during the process of investigating the claim.

In recognition of the customer service Mr K received, it has offered him £390 to compensate him for the trouble and upset this caused. When deciding if this amount of compensation is fair and in line with our approach, I've considered the length of the delays, and the impact Mr K has said this had on him. Considering how long this delay was for and the trouble and upset the process looks to have caused him, I'm satisfied £390 compensates Mr K fairly for this.

I appreciate the loss Mr K was claiming for was a substantial amount of money to him. It was therefore, naturally, of importance to him. Because of this, I think the delays caused by HSBC caused avoidable trouble and upset during this time. And so, while I've concluded that it was reasonable for HSBC to process the payments, I think £3090 is a reasonable amount to recognise its delays in handling the fraud claim.

I realise this means Mr K is out of pocket. But I can't reasonably ask HSBC to reimburse Mr K in circumstances where I don't think it ought reasonably to have prevented the payments or recovered them.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 30 June 2025.

Tom Wagstaff
Ombudsman