

## The complaint

Mr D complains that HSBC UK Bank Plc (HSBC, hereinafter) hasn't refunded the losses he's incurred when falling victim to a vehicle purchase scam.

## What happened

Mr D was looking to purchase a second-hand car in September 2024. He found a suitable one on a well-known social media marketplace. Mr D spoke with the seller on the phone and carried out some basic checks on a trusted checking service which confirmed the vehicle hadn't been stolen or written off.

The seller asked Mr D to pay for the vehicle in cash, so Mr D attended an HSBC branch and withdrew £9,000 on the way to meeting the seller to see the vehicle.

At the meetup, the seller provided Mr D with a green slip, a photo of the V5C document, the car's manual and history book. Mr D inspected the vehicle and took it for a test drive, which was satisfactory. After that, he agreed a final price of £8,800 with the seller, due to some minor bodywork scratches, and handed over the cash.

Mr D then returned home and attempted to register as the new owner on the DVLA website but was unsuccessful. The following day he attempted to do this from the Post Office, but was also unsuccessful.

At this point, fearing the vehicle may be stolen, Mr D contacted the police to carry out some further checks.

The police checks initially came back clear, but after a couple of days, it contacted Mr D again to confirm that the vehicle would be seized, as it had been reported as lost or stolen.

So, Mr D approached HSBC to report he had fallen victim to a scam. HSBC investigated his claim and ultimately decided to not refund him on the basis that the Contingent Reimbursement Model (CRM) Code didn't apply to cash transactions, and because it had carried out appropriate questioning in branch, before it allowed Mr D to withdraw the funds.

So, Mr D referred the complaint to the Financial Ombudsman Service.

Our Investigator found that HSBC could have better questioned Mr D when he came into branch to withdraw the cash for the car purchase, but, ultimately, they didn't think that better questioning would have unveiled the scam. So, they didn't think HSBC should be responsible to refund Mr D's loss.

Mr D disagreed with our Investigator's view and said HSBC misled him when he first reported the scam to it, as he was told a refund could be possible. Moreover, he thought HSBC hadn't taken into account the vulnerabilities he had developed as a consequence of the scam.

In light of this disagreement, I have been asked to review everything afresh and reach a decision on the matter.

### **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 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 focused on what I think is the heart of the matter here. And if there is a submission or point that I've not addressed, it isn't because I've ignored it. 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.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm sorry to hear of what's happened to Mr D here. He's lost a considerable sum despite taking thorough precautions before making the purchase. He's been the victim of a crime.

But having thought very carefully about HSBC's actions, I don't think it could have prevented the loss that occurred. I'll explain why.

#### *HSBC's intervention*

In broad terms, the starting position at law is that a bank is expected to process cash withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

Both sides accept that this transaction was an authorised withdrawal, even though Mr D was the unwitting victim of a sophisticated scam. Given the terms and conditions of a typical bank account, he is presumed liable for the withdrawal in the first instance.

But that is not the end of the story. 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 anti-money laundering, countering the financing of terrorism, and 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 banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

It is correct that the CRM Code doesn't protect cash payments, as it was pointed out by both HSBC and our Investigator.

Looking at Mr D's account activity in the months before the scam, I can see Mr D made another high value cash withdrawal. He also made a faster payment above £3,000 to a third-party account and regularly moved funds across his accounts via high value faster payments.

Mr D was also used to crediting his account before making a high value payment or cash withdrawal. So, I don't think, the scam cash withdrawal was very unusual compared to earlier genuine activity.

However, due to the withdrawal's amount, I think HSBC should have identified this type of transaction could carry higher risks for customers, so I would have expected it to follow its internal procedures and be on the lookout for any potential indication of financial harm.

HSBC hasn't been able to evidence the full extent of its conversation with Mr D at the time of the withdrawal. It told us the interaction between the bank staff and Mr D was relatively short, but Mr D's signature and form of ID were checked, and a high value transaction checklist was completed. The bank staff who interacted with Mr D was unavailable during our Investigator's investigation and therefore HSBC didn't have any more details to share about how the interaction unfolded.

HSBC's only piece of physical evidence was in the form of the withdrawal slip filled in branch stating "car" as the purpose of the withdrawal, which suggest a conversation took place whereby Mr D was asked to explain the purpose of his cash withdrawal.

It is down to HSBC to prove that it appropriately protected Mr D from the risks of financial harm and, based on the above, I don't think HSBC has satisfactorily proven that, on the balance of probabilities, its questioning of Mr D's cash withdrawal was appropriate in the circumstances.

So, I think it's fair for me to say that HSBC could have better questioned Mr D's reasons for withdrawing such a large sum and that it should have recorded it more accurately on its systems.

For example, I would have expected HSBC to have gone further and asked Mr D some additional questions about the proposed purchase. This could have reasonably included whether Mr D had seen the vehicle in person, whether he would be paying upon collection, whether he had carried out checks into the condition of the vehicle and whether he'd established that the person he was paying was entitled to sell the vehicle.

#### *Could HSBC have prevented Mr D's scam losses?*

Even if I think that HSBC should have questioned Mr D more thoroughly, this isn't enough for me to say that HSBC should refund Mr D's scam losses. I can only recommend this if I'm satisfied that, more likely than not, HSBC's appropriate questioning of Mr D would have resulted in the scam being unveiled and all of Mr D's losses being prevented.

However, I don't think that would have been the most likely outcome here.

I say this because, even if HSBC had asked more thorough questions, Mr D would have disclosed he had completed online checks on trusted websites confirming the vehicle wasn't stolen or written off, and that it had a valid MOT and tax certificate. He would have disclosed

that he was meeting the seller later that same day, and that he would have only handed over the cash upon test driving and inspecting the vehicle.

It's reasonable to expect Mr D would have told HSBC that he the seller had a valid V5C and would provide him with a green slip to facilitate the vehicle being passed onto a new keeper.

In light of that information, I couldn't reasonably expect HSBC to have identified that Mr D was being scammed. Moreover, the online checks Mr D had completed had shown the vehicle as not stolen, so I would not have expected the bank or Mr D to dwell on that possibility for long.

It follows that HSBC would have had no grounds to refuse the withdrawal that Mr D was instructing it to make. And I don't think a reasonable level of questioning would have resulted in Mr D deciding not to proceed with the purchase, especially as it happened after test driving the vehicle and meeting the seller in person.

I can't say for certain what was discussed between HSBC and Mr D at the time of the cash withdrawal, and I can't say for certain whether Mr D would have proceeded with the purchase if HSBC had appropriately questioned him about it. However, I think that, on the balance of probabilities and based on the above reasons, HSBC could not have prevented Mr D's scam losses on this occasion.

Nor do I find that HSBC was otherwise at fault in this matter, as there was no opportunity for it to attempt to recover Mr D's funds because he'd paid the seller in cash.

I accept this answer will be a disappointment to Mr D. I was sorry to learn of the issues Mr D experienced as a consequence of this scam. I acknowledge the impact these events had on him, his finances and his health. However, I've seen no evidence to indicate that he was a vulnerable customer at the time the scam took place or that HSBC was on notice of any such issues at that point. So, I don't think HSBC is required to refund Mr D due to vulnerabilities that didn't exist or that it wasn't made aware of, and therefore that it could not have done anything about, at the time of the scam.

Finally, I understand that Mr D felt misled by HSBC because one of his call handlers told him that he may receive a refund of his losses when he reported the scam. But I don't think this information was misleading or misguided. I think that the call handler was likely trying to empathise with Mr D and his situation and give good customer service. At the time, it was not possible for the call handler to say whether a refund would definitely be issued because HSBC's internal investigation had not yet taken place. Even if the transaction wasn't protected by the CRM Code, it was still possible for HSBC to find it was at fault and decide to refund Mr D for other reasons. So, I don't think the call handler's advice was wrong at the time it was given and therefore, I don't think this warrants any compensation in the circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 19 January 2026.

Daria Ermini  
**Ombudsman**

