

The complaint

Mrs H complains that HSBC UK Bank Plc failed to sufficiently intervene causing her to fall victim to an authorised push payment (APP) romance scam.

Mrs H referred her complaint to us via a representative, however for ease I will just refer to Mrs H throughout my decision.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mrs H alleges she fell victim to a romance scam after meeting an individual on a dating app. After building rapport with Mrs H, the scammer informed her his account was frozen and he had no access to his funds. So, Mrs H sent him more than £20,000 between October and December 2023 – believing she would be reimbursed by him. Mrs H realised she had been scammed when the scammer gave an excuse too elaborate to believe about why he cancelled a second flight to see her.

Mrs H believes that HSBC should have contacted her by phone and probed her in detail as to what the payments were for. She says they were unusual payments of a high value and this should have raised a red flag on its system. Mrs H says HSBC has failed in its duty of care and provided her with insufficient fraud warnings to uncover the scam.

HSBC didn't reimburse Mrs H's lost funds and so she referred her complaint to us. Our Investigator looked into things but didn't recommend the complaint be upheld. She wasn't persuaded that the payments were of an amount or frequency that should have caused HSBC any concern. Mrs H disagreed and requested a final decision.

As our Investigator couldn't resolve the matter informally, the case has been passed to me for a final 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 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. If there's something I've not mentioned, 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.

I am sorry to hear about the situation Mrs H has found herself. However, just because a scam has occurred, it does not automatically entitle her to recompense by HSBC. It would only be fair for me to tell HSBC to reimburse Mrs H for her claimed loss (or a proportion of it) if: I thought it reasonably ought to have prevented all (or some of) the payments Mrs H made, or hindered the recovery of the payments – whilst ultimately being satisfied that such

an outcome was fair and reasonable for me to reach.

I've thought carefully about whether HSBC treated Mrs H fairly and reasonably in its dealings with her, when she made the payments and when she reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mrs H's complaint. I know this will come as a disappointment to her and so I will explain below why I've reached the decision I have.

I have kept in mind that Mrs H made the payments herself and the starting position is that HSBC should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) she is presumed liable for the loss in the first instance. I appreciate that Mrs H did not intend for her money to be lost, but she did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - 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 payment service providers 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 decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

So, I've thought about whether the transactions should have highlighted to HSBC that Mrs H might be at a heightened risk of possible financial harm due to fraud or a scam.

I have kept in mind these payments were being made through a money remittance provider, which is often used for international payments as HSBC would be aware, but that doesn't mean they should automatically be treated as suspicious. This is particularly so when there are not sufficient concerning factors about the payments. Ultimately, Mrs H was sending funds to a legitimate company offering a genuine money remittance service. The fact Mrs H had not previously sent funds this way would not be considered a red flag that ought to have been suspicious to HSBC in isolation of any wider concerns.

Therefore, having considered Mrs H's payments I agree with our Investigator's findings. I'm not persuaded that HSBC should have been concerned with her payments as they would not have appeared to be suspicious or unusual. I think it's important to highlight that there are many payments made by customers each day. It's not reasonable to expect HSBC to stop and check every payment instruction to try to prevent fraud or financial harm. There's a

balance to be struck between the extent it intervenes in payments to protect customers and not unnecessarily disrupting legitimate payment instructions.

The payments Mrs H made were not of such a significant value that HSBC ought to have stopped them. Nor were they completed at such a frequency that they should have highlighted to HSBC that Mrs H may be falling victim to a scam – I've noted they were sent over a period of circa three months rather than in quick succession. Ultimately, these payments did not have the common hallmarks of a scam which would have allowed HSBC to identify that Mrs H may be at risk of financial harm.

I am sorry to hear about the vulnerable situation Mrs H was in at the time of the scam, because of her loss, and how the scammer used this to manipulate her. I've also noted she made HSBC aware of her situation when it occurred, prior to the scam taking place. The repercussions such a cruel scam has had on Mrs H is not something I have overlooked when reaching my decision. However, I have not seen a pattern emerge, or sufficient red flags, that would have highlighted to HSBC that Mrs H's payments should have been stopped because of her situation. Even with her vulnerable situation in mind, the payments being made would not have looked so unusual that HSBC ought to have been concerned and prevented them being made.

I've noted Mrs H has referenced decisions that she believes are close to her circumstances. However, we consider each case on its own individual merits and although she believes the circumstances of other decisions seem to be similar, there are key differences.

I'm very sorry to disappoint Mrs H. However, I don't think HSBC should have prevented her making the payments. So, it wouldn't be reasonable for me to ask it to refund the payments she made.

The Contingent Reimbursement Model Code

Although HSBC has signed up to the Contingent Reimbursement Model Code, the payments Mrs H made from her account aren't covered by the Code. This is because she made the payments using a debit card. I cannot fairly and reasonably say that HSBC should have to refund payments under the Code when it doesn't apply here.

For completeness, I'll add I have noted Mrs H says a failing occurred under the Code because after the scam she was not given scam education to avoid this happening again. However, although it would have been good industry practice to do so, as I've explained, the Code is not applicable in this instance. Alongside this I've also not seen any evidence of a loss stemming from this alleged failing anyway. Therefore, I would not award any compensation for this.

Recovery

The only method of recovery HSBC has for payments made by card is to request a chargeback. However, Mrs H didn't make the card payments to the scammer directly, she paid a money remittance provider who appears to have provided the expected service. If these funds had not already been transferred to the scammer, they would be in her control to access as and when she chose. The fact that the funds were later transferred to the scammer doesn't give rise to a valid chargeback claim against the money remittance provider.

So, in light of all of the above findings, there's no fair and reasonable basis under which I can ask HSBC to reimburse Mrs H's loss.

My final decision

My final decision is I am not upholding this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 18 December 2025.

Lawrence Keath
Ombudsman