DRN-5559736

The complaint

Mr H complains that HSBC UK Bank Plc won't refund the money he lost as the result of a scam.

Mr H has been represented in this complaint by a firm of professional representatives.

What happened

The parties are familiar with the background to the complaint, so I'll simply summarise it here.

In brief, Mr H saw an investment opportunity online which purported to be for a bond with a well-established bank ("C"). Unfortunately, the investment ultimately turned out to be a scam and I'll refer to the supposed representative of C as "the scammer" in this decision, even though I appreciate that Mr H had no idea he was dealing with a scammer at the time.

The bond on offer came with a guaranteed annual return of just over 7%. Mr H says he checked C's website and read through documents provided by the scammer, which looked professional. He's commented that the scammer appeared to be highly knowledgeable and professional, and their knowledge of the industry reassured him.

The scammer told Mr H he'd need to set up an account with C, and gave Mr H and application form. Mr H completed the form in his wife's name, using her identity documents.

The scammer instructed Mr H to make two international payments, and gave him the payment details. Mr H then made the following payments. Both were converted into euro:

	Date	Merchant	Amount
1	21 November 2024	C	£35,000
2	29 November 2024	X	£50,000
		Total	**£85,000**

Less than two weeks after making the second payment, Mr H read an article online which described an investment just like the one he'd made, and he realised at that point that he'd fallen victim to a scam. Mr H believes that HSBC should have done more to protect him from the scam. He says the payments were the first transactions on the account which weren't to a savings account at a bank in the UK.

HSBC says its fraud detection system didn't flag the payments. It says that this was because they weren't uncharacteristic of the account, and there was nothing about them to suggest they were part of a scam. After learning of the scam, HSBC contacted the beneficiary banks in an attempt to recover the payments, but it didn't manage to do so.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, while he was sorry to hear about the effect of the scam on Mr H and his family, he didn't think the payments were unusual enough for the account that HSBC ought to have intervened before processing them. And he thought it had done all that it could to recover the money.

Mr H didn't agree with the investigator's view, so the complaint has been passed to me.

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 the same overall conclusions as the investigator, and for broadly the same reasons. While I've read and taken on board everything that both parties have said, I've focussed here on the issues that I consider to be central to the outcome of the complaint. This is in keeping with our role as an informal dispute resolution service.

I'd like to say right at the start that I was sorry to hear that Mr H fell victim to a scam that was as cruel as it was sophisticated. The documents the scammers sent Mr H appear very convincing. It's not difficult to see how Mr H was taken in, and I have considerable sympathy with him. I don't underestimate the impact that the loss of a considerable amount of money will have had on Mr H and his family. My role, however, is to decide whether HSBC can fairly be held liable for all or any of Mr H's loss.

In broad terms, the starting position is that a bank is expected to process payments that a customer authorises, in accordance with the terms and conditions of the customer's account. Mr H authorised the payments. So even though he was the victim of a scam, and was tricked into making the payments, they are considered 'authorised' under the Payment Services Regulations 2017 and the terms and conditions of his account, and Mr H is presumed liable for his loss in the first instance. But that's not the end of the matter.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time. Taking those things into account, I think that at the time the payments were made, HSBC should have been doing the following to help protect its customers from the possibility of financial harm:

- monitoring accounts and payments to counter various risks, including fraud and scams;
- keeping 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) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer;
- acting to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring that all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, regardless of the payment method used, taking additional steps, or making additional checks, before processing a payment, or, where appropriate, declining to make a payment altogether; and

- being mindful of -among other things – common scam scenarios, how fraudulent practices were evolving (including, for example, the common use of multi-stage fraud by scammers) and the different risks these can present to consumers when deciding whether to intervene.

However, there's a balance to be struck. Banks have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction. And I think it was reasonable of HSBC to take into account a range of factors when deciding whether to take any additional steps before making the payments.

I've looked at all available statements for Mr H's account for the six months before he made the payments to the scam. On consecutive days in July 2024 Mr H had made four international payments: two of 50,000 euros and two of just over 37,000 euros.

So Mr H had made several international payments of a similar value to the first payment in the months before the scam. And while the £50,000 payment was more than any of those previous four payments, I don't consider that it was so significantly larger that it ought to have prompted HSBC to be concerned.

Mr H's representatives have commented that large sums were deposited into Mr H's account and then transferred out, leaving nothing remaining. But based on the limited transaction history, that's how he used the account. Before making an international payment, he'd transfer the amount he wanted to send internationally into the account, then pay it out. So in these particular circumstances, I don't consider that the emptying of the account by the payments indicated a concerning pattern.

The account Mr H made the payments from was a "Global Money Account". One of the key features of this type of account is that it allows the accountholder to send money abroad, without the usual associated fees. And it isn't unusual for such accounts to be used to make large payments in other currencies.

Mr H's representatives have pointed out that the two accounts Mr H sent the money to were new payees. But I don't think that that ought to have raised HSBC's suspicions in this particular case. Both accounts were held at well-established banks, both were in Mr H's wife's name and Mr H had a recent history of sending large sums of money to family members from the account.

Mr H's representatives have pointed out that he's in his late 70s, and they say that being in this age group made him more likely both to be targeted by scammers and to be taken in by a scam. But it's not in dispute that HSBC had not been informed of any particular vulnerability on Mr H's part. And while it may be true, as Mr H's representatives have suggested, that older age can make people more likely to fall victim to a scam, I don't think it follows that a bank ought to intervene in all cases of large payments being made from accounts held by older customers. And given the previous account activity and the absence of any other clear warning signs, I don't consider that Mr H's age should have led HSBC to intervene before the payments were made.

Mr H's representatives have also referred to warnings published by the International Organisation of Securities Commissions (IOSCO) and the Financial Conduct Authority. But the IOSCO warning wasn't published until December 2024 – just after Mr H made the payments. The FCA had published a warning in January 2024 about a clone of C claiming to be C and offering bonds. But I don't consider that HSBC could reasonably have been expected to react by intervening on all payments any customer made to C, even if I were to consider that it should have been aware of the warning. And the details of what Mr H believed he was investing in would only have come to light if HSBC had contacted him and asked him about the payment before processing it. As I've explained, I don't think it was unreasonable of it not to do so here.

In the case of international payments, any recovery attempt is made on a best endeavours basis. Success relies both on the money still being in the beneficiary account and the cooperation of the receiving bank. In most cases, scammers move money from the receiving account very quickly. On learning of the scam, HSBC contacted the recipient banks promptly, but didn't receive a response. HSBC can't force the beneficiary bank to reply or to return the funds and I'm satisfied that it made a reasonable attempt to recover the money here.

This isn't a decision I've taken lightly, and I'm sorry that Mr H is bound to be disappointed by it. The scam that he fell victim to was highly sophisticated, and I can only imagine how awful it must have been to discover that the apparent investment opportunity was a scam so soon after the payments were made. But for the reasons I've set out, I don't find that I can fairly hold HSBC, which wasn't involved in the scam itself, responsible for Mr H's loss.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 19 September 2025.
Juliet Collins
Ombudsman