

The complaint

Mr C complains HSBC UK Bank Plc (“HSBC”) won’t refund the money he lost as a result of a scam.

What happened

Between July and September 2024, Mr C made three payments for the purpose of leasing a vehicle.

Mr C was looking for a new vehicle and searched for vehicle leasing online. He was contacted by a company I’ll refer to as “E” and I’ll refer to the person Mr C was communicating with at E as “D”. Following this contact, Mr C agreed to lease a vehicle for three years and agreed to pay a deposit. Mr C proceeded to make the following payments:

Payment number	Date	Payment method	Beneficiary	Amount
1	10/07/2024	Mobile faster payment	Payee 1	£500
2	16/07/2024	In branch	Payee 1	£500
3	16/09/2024	Telephone banking	Payee 2	£600
			Total loss	£1,600

Mr C paid the £1,000 deposit across two payments (payment 1 and 2) to an account held in E’s name. Payment 2 was held for fraud checks by HSBC, leading to Mr C then visiting a branch. Mr C had a phone call whilst in branch with the fraud team about payment 2 in which he was told it had concerns about the payment. Following this call, Mr C proceeded to make Payment 2 in branch.

Mr C was due to receive the vehicle in around three weeks, but there were delays with the delivery. As I understand it, Mr C and D then spoke about the vehicle being changed – somewhat of an upgrade - the same vehicle, different colour and a limited-edition version. Mr C explained he didn’t receive any hire agreements or paperwork for the initial vehicle or the upgraded vehicle.

As a result, Mr C sent a further payment in September 2024 (payment 3) for the change in vehicle. D asked that Mr C send this payment to a different account in a personal name.

Mr C contacted HSBC via telephone banking to make payment 3.

Mr C explains he took a train to a location given to him to collect the vehicle but upon arriving, he was unable to get in contact with D and there was no vehicle.

Following this, Mr C says D apologised for not being there and told him the vehicle had gone. The conversation progressed to Mr C and D speaking about a different vehicle. Mr C says he agreed to a vehicle of a different make and model and that he didn’t need to pay any additional money for this. Mr C received a leaflet about this vehicle and a hire agreement.

When there were no signs of Mr C receiving the vehicle, he contacted HSBC in October 2024 to raise a scam claim.

HSBC declined the claim on the basis it didn't feel he'd taken reasonable steps to check if the payment was genuine. It added that Mr C didn't do any independent research to check if the goods or the seller were genuine, that he didn't question why one of the payments was to be paid to an individual who was different to the seller. And that he ignored warnings it provided when he was making the payments.

Unhappy Mr C raised a complaint with HSBC. On 4 November 2024, HSBC issued its final response letter. It maintained its decision to decline the claim on the basis that Mr C failed to make any independent checks and ignored warnings and red flags.

Remaining unhappy, Mr C brought his complaint to the Financial Ombudsman Service. One of our Investigators looked into things, but they didn't uphold the complaint. In short, he didn't think Mr C had a reasonable basis for belief when making the payments. He also didn't think the scam payments represented a significant departure from Mr C's usual account activity in terms of the value of the payments. So, he didn't think HSBC needed to intervene or provide a warning.

Our Investigator did note that payment 2 was discussed with Mr C and that HSBC had told him it had concerns about this payment, yet he expressed a desire to continue with the payment. He also referred to payment 3 which was discussed with HSBC but again he felt Mr C showed a desire to want to proceed with the payment. Overall, our Investigator wasn't convinced that HSBC could've prevented Mr C from making the payments.

Mr C did not accept the Investigator's conclusions, so the case has been passed to me for 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.

It's clear and accepted that Mr C authorised the payments in dispute. The starting position in law is that HSBC must make payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017. That means generally, Mr C will be liable for any payments he's authorised.

However, HSBC is a signatory to the Lending Standards Board's CRM Code ("CRM Code"). Under that Code, HSBC is expected to reimburse customers who fall victim to certain types of fraud, subject to a number of exceptions.

One such circumstance might be when a customer has ignored an effective warning.

A second circumstance in which a bank might decline a refund is, if it can be demonstrated that the customer made the payments without having a reasonable basis for believing that:

- the payee was the person the customer was expecting to pay;
- the payment was for genuine goods or services; and/or
- the person or business with whom they transacted was legitimate.

**There are further exceptions within the CRM Code, but they do not apply in this case.*

For the reasons I'll go on to explain, I think HSBC has established that it can reasonably

choose not to reimburse Mr C under the terms of the CRM Code, on the basis Mr C didn't have a reasonable basis for belief.

Did Mr C have a reasonable basis of belief?

I need to consider not just whether Mr C believed he was sending money for a deposit to lease a vehicle but whether it was reasonable for him to do so. I've thought about the steps Mr C took to reassure himself about the legitimacy of the payments he was making and whether it was reasonable for him to proceed with the payments.

Having done so, I'm afraid I don't think Mr C had a reasonable basis for belief when making any of the three payments. I think there were a number of concerning factors here that ought to have made Mr C cautious and led him to complete more research and checks before making the payments. And had he done so it would have had a material effect on preventing the APP scam.

I say this because;

- Mr C hadn't seen the initial vehicle he'd agreed to lease prior to sending payments 1 and 2 for the £1,000 deposit. He's also told us that he didn't receive any paperwork or hire agreement for the initial vehicle. So, I've not seen anything that shows Mr C received any information that satisfied him the vehicle he believed he would be receiving/leasing was genuine.
- Mr C wasn't aware of E prior to searching online for leasing vehicles and D then contacted him. I've not seen anything that suggests Mr C carried out any checks or research into E or D - the person he was speaking to (purporting to be from E) that satisfied him that the payments he was making to E were legitimate. I do note that Mr C has shared that his phone was stolen and so he can no longer provide any further information to our service other than what has already been provided. Because of this, I've not been able to see the messages between Mr C and D as to what was discussed initially about the first vehicle. But from the messages I have seen between Mr C and D – these appear to be somewhat brief and largely relate to Mr C chasing delivery of the vehicle.
- Further, when there appeared to be no sign of the initial vehicle being delivered to Mr C – despite him chasing the delivery, this seems to have led to Mr C and D agreeing to a different/upgraded vehicle and Mr C subsequently making a further payment (payment 3) in September 2024. I've not seen any persuasive evidence that Mr C received any substantive reason for the delays – other than issues with the delivery. I think this ought to have given Mr C some pause for thought. Especially when proceeding to make payment 3, having not received the first vehicle he'd agreed to lease from E – nor having seen that E had the new vehicle to deliver to him.
- From everything I've seen and been told, it appears that Mr C took what D told him at face value in relation to the leasing of the initial vehicle and then the second vehicle. Given that Mr C has shared that he sold the vehicle he owned at the time, on the basis that he believed the leased vehicle would be delivered to him, I think he ought fairly and reasonably to have proceeded with more caution and to have satisfied himself that D had the vehicles to lease to him and that the person he was liaising with at E was legitimate.

- As I've said above, Mr C said he received no hire agreements from E for the initial and second vehicle and no other paperwork. From some of the chat messages Mr C has provided, I can see that he did ask for a photograph of the second vehicle, yet despite him chasing this, I've not seen anything that shows this was received. I think this ought to have been a red flag. I think fairly and reasonably, given that Mr C was looking to lease a vehicle for three years and the overall costs involved, that he ought to have expected to receive some documentation setting out what he was agreeing to and that related to the vehicle he was expecting to receive.
- I also note that within the messages exchanged between Mr C and D that there were some red flags within them that ought to have given Mr C pause for thought – such as when he was asked to send payment 3 to a personal account in another person's name. Mr C has told us this was the partner of the person he was speaking to at E. Mr C doesn't recall being given a reason for this, and I've not seen anything that indicates Mr C questioned this at the time. Further, within the message when D shared the new account details, I can see Mr C was advised to tell the bank the payment was money owed to a friend. It also said that he was doing Mr C a huge favour and not to let him down and asked him not to discuss this with anyone else only between the two of them. I think this ought to have fairly and reasonably been a red flag for Mr C – as to why a legitimate person/business would ask him to mislead his bank about a genuine payment for a deposit to lease a vehicle.

I can understand how in isolation any one of these things may not have prevented Mr C from proceeding. But when taken collectively I think there was enough going on here that Mr C ought to have acted far more cautiously than he did and should have had significant concerns about the payments he was making. Overall, I find that Mr C ought to have done more to verify that the person he was dealing with was actually able to offer the goods or services it was promising – leasing of the vehicles.

For completeness, I'm further persuaded Mr C ought to have acted more cautiously when making payment 2, given that HSBC spoke with him about the payment he was attempting to make, shared its concerns that it might be being made as part of a scam and, at points encouraged Mr C to carry out further checks.

Did HSBC meet its obligations under the CRM Code and did Mr C ignore an effective warning?

The CRM Code says that effective warnings should be risk based and, where possible, tailored to the APP scam risk indicators and any specific APP scam types identified through the user interface with which the customer is initiating the payment instructions.

When considering the payments Mr C made, while I don't doubt the payments represented a lot of money to Mr C, when compared with other payments HSBC processes daily, I don't think they were of values which I think would've appeared so suspicious or unusual to it, such that it ought to have alerted HSBC to the possibility that Mr C was being scammed.

I recognise the first payment of £500 was to a new payee, but as I've said, I'm not persuaded the value of the payment was so remarkable in nature that it ought to have caused HSBC concern and, the second payment of £500 was sent to the same payee – which at that point would've been an existing payee on Mr C's account.

That said, I can see that HSBC did intervene when Mr C made payment 2. I understand Mr C made multiple attempts for payment 2 and that the payment was stopped numerous times by HSBC for further checks – which resulted in several conversations about the payment. Following these calls, I can see Mr C attended a HSBC branch on 16 July 2024

and spoke with the fraud team on the phone. During this call, Mr C was asked questions about the payment and following Mr C's answers the agent explained they had concerns about the payment. The agent explained they were going to put a stop to the payment, and the money would be returned to the account. Following this and despite HSBC's warning, Mr C proceeded to make payment 2 in branch.

Mr C then used telephone banking to make payment 3 – a payment of £600 on 16 September 2024 – two months after payments 1 and 2. This was to a new personal payee account. Mr C informed HSBC's agent that he was paying a deposit, for a business he was buying, which was not the true purpose of the payment. When looking at the previous account spending, again, I don't think the value of the payment was so remarkable in nature that it ought to have caused HSBC concern. I'd like to note that my intention in saying this is not to play down the value of the loss Mr C has suffered as this is a lot of money for him to lose.

I also cannot ignore the fact that, having listened to a number of calls between Mr C and HSBC's agents, I'm persuaded that throughout the calls Mr C intended to send the money one way or another. From what I've heard, when Mr C was questioned about the payments, he became frustrated and agitated that the payments were not being sent as he requested. Mr C continued to make the payments – irrespective of the conversations he had with HSBC's agents. With everything in mind, I think it is more likely than not that Mr C would have and did proceed with the payments regardless of the actions/interventions of HSBC.

Whilst, for the reasons I've explained above, I'm not persuaded the payments Mr C made stood out as being so unusual or that HSBC ought reasonably to have identified a risk here or that HSBC was required to deliver a warning for the payments Mr C made – I acknowledge that it did intervene when Mr C made payment 2 and it spoke with him when he asked to make payment 3.

Overall, I'm not persuaded that any intervention - better, or different intervention - would have made a difference in the circumstances of this case. I'm persuaded, Mr C was determined to make the payments and wished to proceed regardless of any warnings HSBC gave. Because of that I can't say that HSBC ought to refund Mr C.

Vulnerability under the Code

For completeness, I note Mr C has told us about specific circumstances from around the time of the payments, which he has suggested made him vulnerable. I want to assure Mr C that I've thought carefully about everything he has shared with us and that I acknowledge, based on what he's shared that this was a difficult time.

There are provisions under the Code which might lead to a refund, even when a customer doesn't have a reasonable basis for belief. The relevant part of the Code, says:

“A Customer is vulnerable to APP scams if it would not be reasonable to expect that Customer to have protected themselves, at the time of becoming victim of an APP scam, against that particular APP scam, to the extent of the impact they suffered. This should be assessed on a case-by-case basis.”

I understand the circumstances will have had an impact on Mr C – from what I've seen and been told, I understand this meant Mr C was under financial pressure and, that he suffered a family bereavement not long after making the payments as part of the scam. I'm sorry to hear of all Mr C has been through. I have no doubt that the scam has impacted him.

But I've considered whether there are vulnerabilities present to such an extent that Mr C was unable to take steps to identify the scam he fell victim to or to recognise steps he might take to test the legitimacy of what he was being told by the scammer. To do so I must consider the details of the scam, Mr C's actions throughout, and the wider circumstances of what was happening in his life at the time.

Having done so, whilst I'm not saying Mr C's circumstances had no impact on him at the time, I'm not persuaded that it would be unreasonable to expect him to have protected himself against the particular scam he fell victim to – I think there was more he might reasonably have done that would have led to the scam being uncovered. And so, I don't find that HSBC need to refund Mr C's loss under the vulnerability clause of the Code.

Recovery

Finally, I've also thought about whether HSBC took reasonable steps to recover Mr C's funds once it was made aware he was the victim of a scam.

The first scam payment was made on 10 July 2024 and the last one on 16 September 2024. Mr C reported the scam in October 2024.

It wasn't until several months after payments 1 and 2 were made that Mr C raised this matter with HSBC. So, it was unlikely that there would have been a realistic prospect of success with any recovery attempt. Sadly, it is common for scammers to withdraw or move the money on as quickly as possible.

I can see that on 15 October 2024, HSBC did receive a response from the beneficiary bank for payment 3 (the bank to which the money was sent), confirming that no funds remained in the account.

I also have to keep in mind that on 16 October 2024, Mr C contacted HSBC to withdraw the scam claim. The agent in this call let Mr C know that if he wished to proceed that his funds might not be recoverable. So, I don't think there was anything more HSBC could've done to recover Mr C's money.

All things considered, I don't find that HSBC is liable to refund Mr C under the terms of the CRM Code. I can only look at what HSBC was and is required to do and I'm not persuaded that HSBC is required to refund him under the CRM Code, nor that the bank was at fault in making the payments Mr C had instructed it to make or for any other reason.

My final decision

For the reasons above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 December 2025.

Staci Rowland
Ombudsman