

The complaint

Mrs D complains that HSBC UK Bank Plc (“HSBC”) hasn’t protected her from losing money she paid to one of HSBC’s customers as a result of fraud.

What happened

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mrs D wanted to make a payment to family members’ joint account. She received by email what she thought was a copy of their bank statement containing their correct sort code and account number. Mrs D consequently authorised a payment of \$180,000 on 17 July 2023 to be made to this account. Unfortunately, unbeknownst to Mrs D, her family members’ emails had been hacked, and the sort code and account number on the bank statement sent to Mrs D had been doctored, tricking Mrs D into unknowingly sending the \$180,000 not to her family members but instead a fraudster’s account held with HSBC.

Mrs D realised something was up when her family members hadn’t received the payment, and she reported things on 21 July 2023. Ultimately, Mrs D was refunded just \$2,180.24 of her lost funds, and Mrs D referred her complaint about HSBC to us. As our Investigator couldn’t resolve the matter informally, the case has been passed to me for a decision.

I sent Mrs D and HSBC my provisional decision on 23 May 2025. Now both parties have had a fair and reasonable opportunity to respond, I’m ready to explain my 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.

Mrs D has let us know that she agrees with my provisional decision. And HSBC hasn’t provided any submissions that have caused me to change my mind, despite having a fair opportunity to do so. So in this case, I’ve reached the same conclusions as in my provisional decision and for the same reasons.

I’ve explained my reasons again below.

I don’t think there was anything at the time the HSBC account was opened that reasonably could’ve alerted HSBC that the account it was opening would later be used to misappropriate funds. But I can see that when the account was opened, HSBC was given information about its customer’s expected turnover. This was a new customer HSBC did not yet know well. So I think that when Mrs D’s \$180,000 landed in HSBC’s customer’s account as £135,396.93 (which was soon after account opening and over four times the customer’s expected turnover), HSBC should’ve had eyes on the account to monitor things from a financial crime perspective.

I can see from the account statements that HSBC’s customer then proceeded to make numerous payments from the account that day. I don’t think these were obviously to places that might have reassured HSBC everything was fine, and there were two sizeable card

payments instructed on 18 July 2023 in particular that persuade me that HSBC, by the end of that day on 18 July 2023, reasonably ought to have not allowed any more funds to leave the account until it was satisfied everything was in order.

But everything wasn't in order. And just three days later on 21 July 2023, HSBC was notified of the fraud. I haven't seen anything about the way the customer interacted with HSBC or the details of the payment of this scam that leads me to believe that HSBC – if it had stopped payments being made from the account after 18 July 2023 – would have received anything from its customer that would have persuaded it everything was okay. So I think it's fair to say that if HSBC had done what it should have done, the payments that were instructed from the account from 19 July 2023 onwards ought not to have happened.

The details provided by HSBC show that if this had happened, the £135,396.93 would have been received on 18 July 2023, and then the payments instructed out of the account on 18 July 2023 would have totalled £36,806.33, meaning that £98,590.60 (£135,396.93 less £36,806.33) ought to have been available to be recovered and returned to Mrs D.

I've thought about whether Mrs D ought to bear some responsibility for her loss by way of contributory negligence (which might justify a reduction in compensation). But whilst Mrs D was tricked, I haven't seen anything that makes me think she was careless such that I think this is a case where a reduction for contributory negligence would be appropriate.

Mrs D has expressed a preference for compensation to be paid in GBP. And I think fair compensation in this case, bearing in mind what I've said, would be for HSBC to pay Mrs D £98,590.60 less the GBP equivalent of the \$2,180.24 already refunded using the exchange rate applicable on 18 July 2023; plus interest on this amount calculated at 8% simple per year from 21 July 2023 to the date of settlement.

I understand Mrs D is also unhappy with how HSBC dealt with matters and its offer of £50 in this respect. The root cause of things here was the fraudster. But HSBC could and should have handled things better and this would have improved things for Mrs D. I think it's fair that HSBC also, therefore, pays Mrs D £200 for unnecessary distress and inconvenience caused.

My final decision

For the reasons explained, I uphold this complaint in part and I direct HSBC UK Bank Plc to pay Mrs D:

- £98,590.60 less the GBP equivalent of the \$2,180.24 already refunded using the exchange rate applicable on 18 July 2023; plus
- interest on this amount calculated at 8% simple per year from 21 July 2023 to the date of settlement. If HSBC deducts tax from this interest, then it should send Mrs D the appropriate tax deduction certificate; plus
- £200 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 8 July 2025.

Neil Bridge
Ombudsman