

## Complaint

Mrs C is unhappy that HSBC UK Bank Plc didn't reimburse her after she reported falling victim to a scam.

## Background

In September 2024, Mrs C received a phone call from someone claiming to be a police officer. She was told there was an ongoing investigation into an organised crime group and that one of the suspects might be an employee at her local HSBC branch. The caller said her money was at risk and that she needed to move funds out of her account to protect it. Mrs C didn't know it at the time, but she was not speaking to the police. The callers were fraudsters.

She was instructed to hang up and call the police directly to confirm that the enquiry was a genuine one. Believing she had done so, she dialled the number, but the fraudsters had remained on the line. She then spoke to another individual posing as a police officer, who continued the deception.

In order to make sure that her funds weren't at risk, she was told to purchase luxury watches from a jeweller in her local town and assured that she would be able to return them and recover her money once the investigation had concluded. Mrs C went to the jewellers and agreed to buy two watches worth £40,250. She then took the invoice to her local HSBC branch to arrange payment. A member of staff assisted her in completing the transaction on her phone. She initially said she had left her phone in the car and left the branch, returning 10–15 minutes later.

She then discussed the payment with the same employee. Mrs C says the employee bypassed the on-screen warnings, meaning she didn't have the chance to read them. The employee, however, says that she did explain the importance of reading the warnings and how they were intended to protect customers from fraud.

Mrs C told the bank she was buying the watches as a birthday gift for her husband. According to the bank employee's account, Mrs C also said she was unsure which account to use to make the payment, noting that one account contained money she had inherited. The employee says they advised her to take her time and ensure she was comfortable with what she was doing. Mrs C then said she would go away and think about it. Eventually, she made the transfer to the jeweller, collected the watches and returned home. On her way home, she was violently attacked outside her house by a man who stole the watches.

Mrs C later contacted HSBC to report what had happened. The bank declined to refund her, explaining that the payment had been a genuine transaction to a legitimate merchant, and what happened afterwards was outside its control. Mrs C wasn't happy with that response and so she referred her complaint to this service. It was upheld by an Investigator. He concluded that the bank employee ought to have discussed the payment with her in more detail and recognised the potential signs of fraud. He considered that, had appropriate verbal warnings been given, it was likely the payment could have been prevented.

HSBC disagreed with the Investigator's opinion, and so the complaint has been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the legal starting point is that a firm must process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account.

However, that is not the end of the matter. Good industry practice requires banks to remain alert to account activity or payment instructions that appear unusual or out of character, to the extent that they may indicate a risk of fraud. Where such concerns arise, I would expect the bank to take reasonable steps to protect its customer. This might be as simple as giving clear written warnings during the payment process, or it might require the bank to speak directly to the customer to understand the circumstances of the transaction.

In this case, the payment was made in branch. While Mrs C had previously made some larger payments, the size of this particular transaction should have prompted some additional scrutiny by HSBC. However, establishing that HSBC failed to take steps I would have expected is not, on its own, enough to uphold the complaint. I also need to be satisfied that this shortcoming caused Mrs C's loss. In other words, had the bank acted as it should, would the loss likely have been prevented?

Taking the branch employee's recollection at face value, it appears Mrs C was told she needed to be certain before proceeding and that she should carefully read the warnings on her phone, as these were intended to help protect her from fraud. In practice, however, those warnings were not relevant (and could not realistically have been relevant) to the specific type of scam that targeted her.

I consider that the bank employee should have gone further. They needed to establish the circumstances surrounding the payment to satisfy themselves that Mrs C was not at risk of fraud. She was asked why she was making the payment, and she said it was a gift for her husband's 70th birthday. There is nothing obviously implausible or concerning about that explanation, and on the face of it I can understand why the bank employee might not have had immediate concerns.

However, it should reasonably have been within the bank's contemplation that fraudsters often instruct their victims to mislead or lie to banks when fraud-related questions arise, as happened here. For that reason, the bank can't always take a customer's explanation at face value. It must keep in mind the background risk that the customer may have been coached to give a misleading response.

In practice, I think it is unlikely that Mrs C would have answered any questions in a way that revealed the underlying reality of the situation. Nonetheless, I would have expected the bank to give a clear verbal warning addressing the most commonly occurring scam types. The risk of this being a typical purchase scam was low: Mrs C was paying a long-established business located in the same town as the branch. There was nothing to suggest any fraud risk associated with the goods being purchased.

However, I would still have expected HSBC to warn her specifically about impersonation scams and safe-account scams, and for that warning to mention the involvement of the police, as this is a sufficiently common feature of such scams. While I accept that Mrs C may not have answered initial questions candidly, a clear verbal warning could still have planted doubt about the legitimacy of what she was doing. This is particularly important given that she left the branch briefly before later deciding to proceed. There was, therefore, an opportunity for such doubt to take effect.

I accept that I can't know with certainty what would have happened had she received that warning. But I must decide matters on the balance of probabilities. There was clearly some

underlying uncertainty on her part, and she was not so influenced by the fraudster that she would have proceeded under any circumstances. The scam had not been going on long enough for that to have been the case.

Overall, I'm persuaded that, if she'd been warned about this scam type during the conversation in the branch, it's more likely than not she wouldn't have ended up going ahead with the payment.

I've also considered whether it would be fair and reasonable for Mrs C to bear any responsibility for her losses by way of contributory negligence. Having done so, I'm not persuaded that it would be fair to make such a deduction in this case. Mrs C took the steps she did because, at the outset, she accepted that the call she received was from a genuine police officer. What led her to that conclusion was the fact that, after ending the initial call and then dialling the police, the fraudsters were able to remain on the line and continue the conversation. Her subsequent actions therefore need to be viewed in that context.

In addition, although the mechanism she was told to use to "keep her money safe" might seem unusual when examined with hindsight, it is understandable that Mrs C found reassurance in the notion that, even though her account balance would be reduced, she would still retain possession of an asset of equivalent value. From her perspective, this would've appeared to reduce the level of risk involved.

Overall, I'm not persuaded it would be fair and reasonable for any deduction to be made from redress payable to Mrs C in this instance.

### **Final decision**

For the reason I've explained, I uphold this complaint. If Mrs C accepts my final decision, HSBC UK Bank Plc needs to:

- Refund the payment; and
- Add 8% simple interest per annum calculated to run from the date of the payment until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 1 April 2026.

James Kimmitt  
**Ombudsman**