

The complaint

Mr M has complained that HSBC UK Bank Plc won't refund money he lost to a scam.

What happened

Mr M says that he and his friends were looking to book a villa for their holiday. When searching for accommodation he came across a website advertising villas, which I will refer to as P. Mr M says he contacted P to discuss renting the villa for the summer, and he made his first payment of EUR 7,450 on 5 June 2024, from his HSBC Global account. This payment was to secure the booking.

Mr M made a further payment to the scammer on 11 July 2024 for EUR 5,450 (which was the final balance owed). However, when the date of departure approached, Mr M stopped receiving communication from the scammer and realised something felt suspicious. Mr M contacted HSBC on 7 January 2025 to raise a complaint as he was unhappy with the service provided by HSBC as he believed it didn't do enough to protect him and because it wouldn't refund the money he lost as a result of the scam.

HSBC looked into Mr M's complaint and issued its final response letter. It explained that Mr M had authorised the payments and accepted their scam wording when instructing payments online, as well as going through their automated fraud/scams checks. And while it attempted recovery, it wasn't possible.

Mr M referred his complaint to our service. An investigator looked into Mr M's concerns but didn't recommend it be upheld. Mr M remained unhappy and asked for the case to be passed to me to consider.

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 agree with the investigator's findings for broadly the same reasons, I will explain why. Firstly, I want to acknowledge Mr M's difficult circumstances. I would also point out that I really do appreciate the impact this issue has had on Mr M. But in reaching my decision in this case, I have to put aside my natural feelings of empathy and consider the case impartially and fairly, based on the available evidence.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Mr M knowingly made the payments from his account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, HSBC is expected to process Mr M's requests, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for HSBC

to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

The question then arises whether HSBC ought reasonably to have held such suspicions or concerns in relation to Mr M's payments - and if so, what might've been expected from a proportionate intervention at that time.

So, taking all of this into account, I need to decide if HSBC acted fairly and reasonably in their dealings with Mr M when he made the payments. Specifically, whether they should've done more than they did before processing them – and if they had, would that have made a difference. I also need to decide if HSBC could've reasonably recovered the lost funds.

Bearing this in mind, and having considered the circumstances of this case, it's important to highlight that Mr M was using his HSBC Global Money account to make the transactions. Generally, the purpose of these accounts is to manage international currencies and they tend

to offer competitive currency exchange rates making them ideal for overseas transactions and purchases. The first transaction Mr M made, on 15 June 2024 (EUR 7,450) was in fact an international payment. Therefore, while the value of the individual amount is more significant than other expenditure on the account and is clearly significant to Mr M, this doesn't in itself suggest a heightened risk of fraud. The second payment which Mr M made was on 11 July 2024 (for EUR 5,450). So, this was nearly a month after the first payment was made. As such, the payments were not made in quick succession and didn't demonstrate the typical hallmarks of a scam.

HSBC has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There are many millions of payments made each day and it would not be possible or reasonable to expect a bank to check each one. As I mentioned above, while I don't doubt the payments represented a lot of money to Mr M, they are of values which alone without any other unusual characteristics highlighting a heightened risk of fraud, wouldn't have appeared so suspicious or unusual to HSBC, when compared with other payments that it processes daily. So overall I don't consider the payments Mr M made to have been remarkable enough to have warranted HSBC to act and have contacted Mr M ahead of processing them.

However, Mr M's representative is of the opinion these transactions warranted human intervention, which would have resulted in further questioning from HSBC. As I have highlighted above, I am not of that opinion. However, for completeness, I have gone on to consider what I deem would have been a proportionate intervention, if I had reached the conclusion the payments ought to have triggered and warranted an intervention from HSBC.

The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

if I were to conclude HSBC ought to have intervened, in light of the above, by June 2024, when these payments took place, it should have had systems in place to identify, as far as possible, the actual scam that might be taking place. For example, by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment he was making and to have provided a scam warning tailored to the likely scam Mr

M was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance.

However, even if HSBC had asked a series of automated questions, as I have highlighted above (which I deem to have been a proportionate intervention at that time), I am satisfied it wouldn't have prevented the loss from occurring. In this case, Mr M was falling victim to a 'purchase scam'. If HSBC had asked Mr M what the payment was for, how he came across the website, had he spoken to the payee, had he researched the account, I am satisfied Mr M's answers would have offered HSBC the assurances required. I say this because Mr M's representative had said Mr M felt the website appeared professional and trustworthy, and that Mr M had conducted some research about the villa and was satisfied it was legitimate. Prior to transferring the first payment Mr M and made had some enquiries and he felt that the scammers communication and knowledge reinforced their credibility. And to summarise, Mr M's representative has said Mr M performed due diligence "which did not raise any immediate red flags".

So, on balance, I am satisfied even if HSBC had intervened as highlighted above, the information gathered, due diligence performed, and trust Mr M built would have provided HSBC with the reassurances to be satisfied the payment didn't demonstrate heightened risk of fraud. Even if HSBC were to have checked the website Mr M used, as he has highlighted, there wasn't anything which would have raised immediate red flags. Therefore, I am not persuaded a proportionate intervention from HSBC would have resulted in a different outcome for Mr M.

Recovery

I've also thought about whether HSBC could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. Mr M contacted HSBC on 14 August 2024 to report the scam. However, the first payment was sent on 5 June 2024 and the second payment on 11 July 2024, so this was almost a month after the second payment was made. HSBC has provided evidence that it made contact with the beneficiary bank on 15 August 2024 and it was unsuccessful. And while this was 24 hours after Mr M contacted it to report the scam, I am satisfied due to the time which had passed and nature of the payments it was always unlikely the funds would have been recoverable.

Compensation

I understand there were some service failings from HSBC. And while Mr M wants £300 for the distress and inconvenience he suffered, I am satisfied the £250 offered by HSBC is fair and reasonable in the circumstances. I am aware this was credited to hi account on 10 October 2024. The main cause for the upset was the scammer who persuaded Mr M to part with his funds. So, it follows I won't be asking HSBC to do anything further.

All things considered, and despite my natural empathy for this cruel scam and the situation Mr M finds himself in having lost his money, I'm not persuaded HSBC taking different actions would have prevented the payments being made, or the loss that ensued, for the reasons I have explained. It follows that I do not consider it fair or reasonable to require HSBC to do anything beyond what it has already done for this complaint.

My final decision

My final decision is that I don't uphold his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 December 2025.

Jade Rowe
Ombudsman