

The complaint

Mr A complains that HSBC UK Bank Plc hasn't refunded the money he lost when he fell victim to a scam.

What happened

Someone Mr A knew introduced him to an individual who purported to be involved in investing in commodities. Mr A was looking to make more of his money, and agreed to invest £20,000 with this individual, who I will call Mr M. Mr A saw evidence of returns that others had received from the scheme, and received a detailed contract setting out that he would be lending Mr M £20,000 and could expect to receive significant returns.

Mr A was happy with what he had seen and so, on 30 April 2019, he made two payments of £10,000 to Mr M. Mr A received regular returns for a few months, but these then stopped, and he was told Mr M's accounts had been frozen. Eventually, when no further returns were forthcoming, and when Mr A was unable to withdraw any of his supposed profits or capital, he realised he had been scammed.

Mr A reported the matter to HSBC in 2024. HSBC looked into what had happened, but declined to refund any of Mr A's loss. It said that Mr A had told it the payments were a loan to a family member, and so did not think it could have identified that he was the victim of a scam, or prevented the payments from being made. Mr A didn't accept this, so he referred his complaint to our service.

One of our Investigators looked into the complaint. But they agreed with HSBC that any proportionate intervention would be unlikely to have stopped the scam, given what Mr A had told HSBC about the payments.

Mr A remained unhappy, so his case has now been referred to me to reach a 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.

Having done so, I've reached the same overall outcome as the investigator, I'll explain why.

It isn't in dispute that Mr A authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that he is liable for the transactions. HSBC was a signatory to the voluntary CRM Code, which provided additional protection to scam victims, and under the Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But these payments were made in April 2019, and the Code did not come into effect until May 2019 (and is not retrospective) So, in contrast to Mr A's wife's complaint about payments to the same scam – where I understand HSBC has refunded her loss – in the circumstances of Mr A's complaint the Code does not apply.

Because of this, Mr A is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether HSBC acted fairly and reasonably in its dealings with Mr A, or whether it should have done more than it did.

But 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. And, in situations where HSBC do intervene, I would expect that intervention to be proportionate to the circumstances of the payment.

In this case, I agree with our Investigator that the payments in dispute here were somewhat unusual in the context of Mr A's usual account usage. So, it is arguable that they merited some level of intervention from HSBC. However, I can see that Mr A did speak to HSBC about the second payment, and said that the two payments were a loan to a family member. Mr A has since told us that he was told to say this by the scammer.

With this in mind, I'm satisfied that any proportionate intervention from HSBC at any stage of the scam would likely not have stopped Mr A from proceeding with the payments. I say this because the evidence suggests that Mr A was willing to mislead HSBC about what he was doing, and to follow the instructions of the scammer.

And so based on what it was told – and therefore what Mr A would likely have continued to tell it the payments were for – any warning from HSBC would be unlikely to be relevant to Mr A's actual situation and so would be unlikely to have raised a red flag for him.

With this in mind, I don't consider that HSBC missed an opportunity to protect Mr A from this scam or to prevent his loss.

I've also thought about whether HSBC did all it could to try to recover Mr A's funds when he told it of the scam. But I'm satisfied there was no reasonable prospect of HSBC recovering any of Mr A's funds given that he did not report the payments as part of a scam until several years after they were made.

I'm sorry to disappoint Mr A as I know that he has lost a significant amount of money. But, overall, I'm satisfied that any reasonable, proportionate intervention from HSBC would not have prevented him from making the payments that are in dispute here. It follows that I don't consider it would be fair to hold HSBC liable for his loss and won't be asking it to refund any of his losses.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 November 2025.

Sophie Mitchell

Ombudsman