

The complaint

Mr M complains HSBC UK Bank Plc (“HSBC”) didn’t do enough to protect him when he fell victim to a scam and complains about the service received when he reported the scam.

Mr M has raised the complaint via a personal representative, in the main I’ll refer to Mr M for ease of reading this decision.

What happened

Both parties are familiar with the circumstances of the complaint, so I’ll only summarise the details here.

Mr M was contacted by someone claiming to be from a modelling agency. He said he paid a £50 refundable deposit for a photoshoot. Mr M said he attended the photoshoot and was charged £625 for a portfolio which he said he hasn’t received.

I’ve seen Mr M requested a refund of his money. He said if the photoshoot was free and he doesn’t want the portfolio he should be refunded. I’ve seen he was offered a digital portfolio which held a higher retail value, it seems in place of the portfolio he’d purchased, but Mr M declined this offer and maintained he wanted to be refunded. Mr M said he’s researched the modelling agency, and other firms involved, and believes the company doesn’t exist. It seems this along with the refusal to refund him, has led him to believe he has been scammed.

Mr M complained to HSBC, and it didn’t refund the money he said he lost to the scam. Unhappy with HSBC’s response, Mr M raised the matter with the Financial Ombudsman Service. One of our Investigators looked into the complaint and didn’t uphold it as they felt the payments wouldn’t have caused HSBC concern that Mr M was at risk of financial harm from fraud. They felt the service provided to Mr M when he reported the matter wasn’t of the level expected and awarded £150 compensation for the distress and inconvenience this likely caused.

HSBC accepted the outcome, but Mr M didn’t. His representative felt Mr M’s vulnerabilities weren’t taken into consideration. Our Investigator replied and clarified even considering Mr M’s vulnerabilities they didn’t think the payments ought to have triggered intervention from HSBC.

As an agreement could not be reached, the complaint has been passed to me for 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.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. HSBC is expected to process authorised payment instructions

without undue delay. But they also have long-standing obligations to help protect customers from financial harm from fraud and scams. Those obligations are however predicated on there having been a fraud or scam. And so, it would only be reasonable for me to consider whether HSBC is responsible for the loss Mr M claims to have suffered if, indeed, he has been scammed.

Whether someone has been scammed or the matter is a civil dispute can be finely balanced. I've carried out my own online research into the modelling agency Mr M used as well as the other firms that are seemingly involved and found a negative online presence for a firm associated with Mr M's experience and which from the correspondence I've seen seems to be the principal firm for the photoshoot. This on balance suggests he may have been the victim of a scam. So, as it doesn't make a material difference to the outcome I have proceeded on the basis that Mr M has been the victim of a scam.

I'm sorry that Mr M has lost a meaningful sum of money and I don't underestimate the impact this has had on him, especially considering his vulnerabilities. And so, I'd like to reassure him that I've read and considered everything he's said in support of his complaint. But I'll focus my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. I know this will come as a disappointment to Mr M but having done so, I won't be upholding his complaint. I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account.

Mr M authorised the payments in question here – so even though he was tricked into doing so and didn't intend for his money to end up in the hands of a scammer, he is presumed liable in the first instance.

But as a matter of good industry practice, HSBC should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: as while banks and Electronic Money Institutions (EMIs) should be alert to fraud and scams to act in their customers' best interests, they can't reasonably be involved in every transaction.

I don't think the payments either individually or when considered together were of an unusually excessive value that it ought to have caused HSBC to be concerned that Mr M was potentially falling victim to a scam. They were also made a week apart. Even considering the vulnerabilities Mr M has disclosed to us and made HSBC aware of, I don't think these payments were suspicious in nature to suggest to HSBC that Mr M was at a heightened risk of financial harm from fraud. I therefore don't think it was unreasonable for HSBC to process the payments in-line with his payment instructions.

Recovery

I've thought about whether there's anything else HSBC could have done to help Mr M — including if it took the steps it should have once he reported that he thought he had been scammed.

After the debit card payments were made, the only potential avenue for recovery of the payments would have been through the chargeback scheme. The chargeback scheme is a

voluntary scheme set up to resolve card payment disputes between merchants and cardholders. HSBC is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

HSBC said it was unable to raise a chargeback as Mr M didn't provide sufficient evidence to support the claim. Mr M said he made efforts to do so but couldn't attach his evidence to the communications he was receiving from HSBC. I'm not persuaded that HSBC being given the necessary evidence would have made a material difference to the outcome because unfortunately, the chargeback rules don't cover scams.

I agree with our Investigator that the service Mr M received from HSBC when making his claim fell short of the level of service a customer ought to reasonably expect. I'm satisfied this would have added additional distress and inconvenience to Mr M particularly given his vulnerabilities at what was already a difficult time. I think £150 compensation is fair in the circumstances for the additional trouble and upset HSBC caused Mr M.

I'm sorry to disappoint Mr M further, but I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think HSBC needs to refund the money he lost to the scam. I realise this means Mr M is out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't think I can reasonably ask HSBC to refund him.

My final decision

For the reasons explained, my final decision is that I uphold this complaint and require HSBC UK Bank Plc to pay Mr M £150 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 October 2025.

Charlotte Mulvihill
Ombudsman