

The complaint

Ms B is unhappy that HSBC UK Bank Plc (“HSBC”) won’t reimburse her in full for the money she lost to a scam.

What happened

In April 2025, Ms B came across a post on a social media marketplace for a camera. She contacted the seller and sent £115 from her account with HSBC. However, she was unable to contact the seller again and the item was removed from the marketplace. When the item reappeared, she contacted the seller again who provided the same bank details she’d sent her money to. She then realised she’d been the victim of a scam.

Ms B reported the matter to HSBC. HSBC refunded £15 and said under the new Reimbursement Rules it was allowed to apply an excess of £100 to any claim. Ms B was unhappy that HSBC hadn’t refunded her in full. She said it didn’t ask her for further evidence, and she had to repeat what had happened to at least four people at the bank.

Our investigator did not uphold the complaint. He thought HSBC were entitled to deduct a £100 excess. There was nothing to show Ms B was vulnerable to the scam she fell victim to and nothing further HSBC could have done to prevent the scam. The investigator also explained HSBC had done all it could to attempt to recover the lost funds from the beneficiary bank – but the money had already been removed before Ms B reported the fraud. The investigator also explained that he didn’t think HSBC’s service was so poor it warranted compensation.

Ms B remained unhappy. She said she has not been compensated for the length of time it took for HSBC to respond to her. She was unable to raise a complaint with the receiving bank due to data protection.

As the complaint could not be resolved informally, it has been passed to me for a 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 come to the same outcome as the investigator for broadly the same reasons.

When considering what is fair and reasonable, I’m also required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer’s account. However, where the

customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

In 2024, the PSR required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of authorised push payment (APP) scams (herein after referred to as the Reimbursement Rules) in certain circumstances.

In this case, I've first considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payment in dispute. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

The Reimbursement Rules¹ set out the requirements for a payment to be covered. I've summarised those below:

- The payment must have taken place after 7 October 2024 and have been reported within 13 months after the date of the final covered payment of the scam claim; and
- It must have been made as part of an APP scam (whether to a recipient or for a purpose otherwise than the payer intended); and
- It must have been authorised by the account holder; and
- It must have been made to another UK account that was not under the control of the consumer.

There's no dispute that the above criteria apply to the Faster Payment made by Ms B.

In order for a payment to be 'reimbursable' under the Reimbursement Rules it must meet the following criteria, which again have been summarised:

- The Exception does not apply or the consumer was a vulnerable consumer at the time the payment was made.
- The consumer is not party to the fraud and is not claiming dishonestly or fraudulently.
- The payments were made in relation to a fraud, rather than in circumstances only giving rise to a private civil dispute.
- The purpose of the payment was not unlawful.

And a Payment Service Provider (PSP) will be responsible for reimbursing a maximum of £85,000 from any single APP scam claim.

The Reimbursement Rules set out that the value of the Reimbursable Amount to be credited shall be the full value of all Reimbursable FPS APP scam payments, up to the maximum level of reimbursement and less any claim excess imposed.

In respect of applying an excess the Rules state that:

Sending PSPs may apply a single claim excess to each FPS APP scam claim, up to the maximum claim excess value set by the PSR and published on their website.....

Sending PSPs may not apply a claim excess if the Victim was a Vulnerable Consumer at the time they made at least one of the FPS APP scam payment(s) within the FPS APP scam claim and vulnerability affected their ability to protect themselves from the scam.

¹ <https://www.wearepay.uk/wp-content/uploads/2024/09/FPS-Reimbursement-Rules-Schedule-4-v3.0.pdf> at paragraphs 3.8-3.10

Again, it's my understanding there's no dispute about any of the criteria above applying, other than whether the excess can be fairly applied.

Ms B hasn't submitted that she was a 'vulnerable consumer' at the point the payment was made or that she was vulnerable to the extent that it affected her ability to protect herself from the scam. So I have gone on to consider whether there are any other reasons why HSBC can't fairly apply the £100 excess.

I do appreciate Ms B has lost money and not received everything back in full. This was a consequence of the scam.

Although HSBC doesn't detail the exact circumstances in which it may choose to apply an excess, its website does state that 'we may deduct an excess of £100 from the reimbursement.' In the call with the fraud team on 7 May 2025, the agent also explained the position regarding a £100 excess.

The Reimbursement Rules require PSPs to refund consumers from their own funds. But the rules place limits on what a PSP is expected to reimburse and one such limitation is that they are entitled to deduct an excess from the amount they payout.

I'm therefore satisfied it's fair for HSBC to apply the excess to Ms B's claim. Although I think HSBC could have explained its reasons for applying the excess to Ms B's claim in more detail, I don't find HSBC's overall decision to apply the excess was unfair under the terms of the Reimbursement Rules.

I have considered if there are any other reasons why HSBC should refund Ms B's remaining loss. I don't think there was anything so unusual or concerning about the size of the payment Ms B sent that it should have been obvious to HSBC that she might be about to lose money to a scam. So, I couldn't fairly expect HSBC to have done more than it did here.

I've seen the evidence that HSBC immediately reached out to the PSP that received Ms B's money to try to claim it back for her, but no funds remained by the time HSBC reported the scam. The beneficiary bank confirmed the funds were removed straightaway on 29 April 2025. This is not unusual, as scammers usually remove funds straight away. There's nothing more I could expect HSBC to do in the circumstances.

Distress and inconvenience

Ms B says she was passed around multiple agents on multiple occasions, and they didn't understand the issues. She explained she used the online chat and telephone to get this addressed. I've seen the online chat and listened to the telephone calls Ms B had with HSBC.

Ms B initially reported the matter as a disputed debit card payment rather than a bill or faster payment. And so was guided to complete the disputes tool form for card payments. There are different reimbursement processes involved for card and bill payments. I appreciate Ms B may not have been aware of this but initially she called the card payment area. Consequently, it was necessary to pass her on to the customer services team before being passed to the correct team. I don't think this was the result of a bank error. The bank was simply responding to the information Ms B gave it (in relation to it being a card payment), the call Ms B made and following its own processes. It was also explained during one of these calls that the online form she'd completed was for card payments. And that, as this wasn't a card payment, Ms B needed to speak to the relevant team.

The call with the fraud team was not much longer than 10 minutes (with the previous calls having been a similar length with Ms B primarily on hold whilst staff explained the reasons for the internal call transfers). During the call, the agent explained about the £100 excess. There was no indication during these calls that Ms B was unhappy or that the bank had not understood the issues. Ms B only logged an official complaint after the decision to apply the £100 excess had been made. HSBC dealt with the claim and complaint within the appropriate time frames.

I appreciate the overall process meant Ms B had to spend time explaining what had happened. But having read the chat and listened to the calls, I don't think the bank did anything wrong. I appreciate Ms B experienced some distress and inconvenience, but I have to consider whether that was the result of something the bank did wrong and not because of the impact of the other parties involved here. Most significantly, the actions of the fraudster, who was ultimately the party who committed this fraud on Ms B and, as such, was the direct cause of her losses and the subsequent impact.

I am sorry Ms B has fallen victim to a scam and lost money, but I don't think HSBC made any failings that have caused or contributed to Ms B's remaining loss – including its consideration of her fraud claim under the Reimbursement Rules. I therefore don't think it would be fair and reasonable to direct HSBC to refund her anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 11 December 2025.

Kathryn Milne
Ombudsman