

The complaint

Mr K complains that HSBC UK Bank Plc won't refund money he lost to a scam.

What happened

Mr K fell victim to a task-based job scam in 2025. He thought he was working for a genuine company, which I'll refer to as 'R', that specialised in app optimisation – boosting app rankings to help businesses gain visibility and reviews in app stores. In return for completing 'tasks', Mr K would receive commission and a salary based on the number of consecutive days he worked. As part of the scam, Mr K received combination tasks that provided greater commission but also put his account into a negative balance. To rectify this, Mr K had to fund his account – and he mostly did this by purchasing crypto, using other banking providers, before forwarding it on to the scam platform. But when he was having difficulties with his banking providers in making the payments, the scammer directed him to send funds via an international money transfer provider (which I'll refer to as 'W'). And Mr K made a £1,470 debit card payment to W from his HSBC account on 2 April 2025.

Mr K has explained that he realised he'd been scammed when he received an account monitoring email from a crypto provider that he'd used as part of the scam, and due to a public scam warning published from the genuine company saying it was being impersonated. With the assistance of a third party, Mr K complained to HSBC on 17 April 2025 – saying that they failed to protect him from the scam and requesting to be fully reimbursed.

HSBC rejected the complaint. They didn't think they should reasonably have been able to identify the payment as a scam, when it could've been a transfer to Mr K's own trading wallet.

The complaint was referred to the Financial Ombudsman. Our Investigator didn't think HSBC had to refund Mr K. This was because she didn't think the payment carried a heightened risk of financial harm that warranted HSBC to intervene before processing it. But even if they had, she wasn't persuaded this would've made a difference. Our Investigator also didn't think HSBC could've done anything to recover Mr K's funds, as a chargeback claim likely wouldn't have been successful.

Mr K disagreed and so, the matter has been passed to me to decide.

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.

I'm sorry Mr K has been the victim of a scam. I understand this is a lot of money to him and so, I understand why he is doing everything he can to recover it. But I must consider whether HSBC is responsible for it. At which point, I would like to explain that while I accept Mr K is the innocent victim of a scam, this doesn't automatically entitle him to a reimbursement of his funds. The consumer protections, which I will refer to, aren't absolute – and so there are

circumstances whereby consumers will lose out through no fault of their own. And here, after giving everything Mr K has said careful consideration, I don't think HSBC has acted unfairly by not refunding him. I'll explain why.

Before I do, I want to reassure Mr K that I've considered everything he has submitted in support of his complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this.

At which point, I understand Mr K has said that, under the rules that we operate (DISP), an Ombudsman must give the reasons for their determination. And he considers this cannot be satisfied by silence or omissions on material arguments explicitly grounded in FCA guidance and relevant law. But while he is right in that I must explain my reasons for the determination I reach, DISP 3.6.1 allows me to "*determine a complaint by reference to what is, in his opinion, fair and reasonable in all the circumstances of the case*". And when doing so, as per DISP 3.6.4, I've taken into account:

"(1) relevant:

(a) law and regulations;

(b) regulators' rules, guidance and standards;

(c) codes of practice; and

(2) (where appropriate) what he considers to have been good industry practice at the relevant time."

So, if there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether HSBC are responsible for the loss Mr K suffered because of the scam. The rules under which the Financial Ombudsman operates allows me to do that.

This payment isn't covered by the Payment Systems Regulator's mandatory reimbursement scheme – as it doesn't include debit card transactions. I've therefore considered whether it would otherwise be fair and reasonable to hold HSBC responsible for Mr K's loss.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. There isn't any dispute that Mr K authorised the debit card payment from his HSBC account. So, under the Payment Services Regulations and the terms of his account, HSBC are expected to process Mr K's payment, and he is presumed liable for the loss in the first instance.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, including the Consumer Duty, I consider it fair and reasonable that HSBC should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that their customers were at risk of fraud. This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of their products, including the contractual terms, enabled them to do so;

- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.

I've therefore considered whether the instruction given by Mr K to HSBC was unusual enough to have expected additional checks to be carried out before the payment was processed. When considering this, I've kept in mind that banks process high volumes of transactions each day. And that there is a balance for HSBC to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

Having looked at Mr K's prior account usage, except for a single direct debit transaction of about £3,000 in April 2024, it was typically used for low value day to day transactions. But while the payment to W was more than Mr K commonly spent on his account, it isn't unusual for customers to make larger payments from time to time as part of normal account activity. And here, I don't think the £1,470 debit card payment was of a significant enough monetary value whereby I would've expected HSBC to have had sufficient reason to suspect Mr K was at risk of financial harm from fraud. This is because, although I appreciate Mr K says it is a significant amount of money to him, the payment is relatively low value in relation to what HSBC processes daily. It also wouldn't be practical for HSBC to carry out additional checks before processing every payment of this value – as it would cause significant trouble and inconvenience for large parts of their customer base. As I've said, there is a balance for HSBC to consider between questioning transactions to ensure they're legitimate and not unduly delaying their customers payment instructions. And here, based on its value, I don't think HSBC would've had reason to suspect Mr K might be at risk of financial harm.

I've therefore considered whether any of the other surrounding characteristics of the debit card payment would've given HSBC reason to suspect this. This includes the payment being made to an international money transfer provider. Mr K's account with W was newly opened, but HSBC wouldn't have been aware of that. And although money transfer providers can be involved as part of multi-stage fraud, most of the transactions made to them are for legitimate purposes. And here, there wasn't – in my opinion, a payment pattern that was indicative of potential fraud or a scam (such as multiple payments being made in rapid succession or incrementally increasing in value). Ultimately, I don't think a single payment of £1,470 to a legitimate money transfer provider would've put HSBC on notice that there was heightened risk of financial harm to Mr K.

I'm also aware that Mr K attempted two payments of about £2,500 to a crypto provider the day prior. Following some fraud prevention checks, the first payment was cancelled as Mr K explained he needed to change some of the recipient payment details as he'd entered them incorrectly. When Mr K reattempted this payment, it was again flagged for fraud prevention checks, but HSBC explained it couldn't be processed as Mr K had reached their crypto limit. These payments therefore weren't stopped due to HSBC establishing Mr K was making them as part of fraud or a scam. Instead, when questioned about them, Mr K provided inaccurate information. I appreciate Mr K was under the influence of the scammer but this, unfortunately, prevented HSBC from uncovering the scam and it reassured them that the attempted payments were being made for legitimate purposes. Because of this, I don't think

HSBC would've had reason to suspect the payment to W was linked or associated to any potential fraud or a scam.

I understand Mr K has also referenced HSBC's obligations to consider their customers' vulnerabilities to protect them from financial harm, including taking reasonable steps to detect them. But in these circumstances, I don't think HSBC ought reasonably to have been able to establish any underlying vulnerability. This is because, as it has been established, Mr K hadn't informed them of any vulnerability. Nor am I persuaded, from his interactions with HSBC the day prior relating to the attempted crypto transactions, that there was sufficient reason for HSBC to suspect Mr K could have an underlying vulnerability based on his responses to their questioning. And, as I understand this isn't Mr K's primary bank account, it would've been difficult for HSBC to assess Mr K's resilience to withstand a financial loss of this amount – as they wouldn't have had a full picture of his financial situation. I therefore don't think HSBC have acted or treated Mr K unfairly in this respect. So, it follows that I don't think HSBC are responsible for the payment being made to the scam.

I understand Mr K has provided substantive submissions on what would've likely happened had HSBC intervened before processing the payment. But given I've concluded that I wouldn't reasonably have expected HSBC to have carried out additional checks before processing it, I don't think I need to make any determination on this point. I'm satisfied that it was reasonable for HSBC to process the £1,470 debit card payment to W upon receiving Mr K's instruction.

I've considered whether, on being alerted to the scam, HSBC could've done anything more to recover Mr K's losses. But I don't think they could. The only possible option for recovery would've been for HSBC to have attempted a chargeback against the payee (merchant) – that being W. At which point, I should explain that a chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant scheme rules. What this means is that HSBC can in certain circumstances ask for a payment Mr K made to be refunded. One of those circumstances is where the goods or services aren't supplied by the merchant.

A chargeback isn't however guaranteed to result in a refund. There needs to be a right to a chargeback under the scheme rules. And under those rules the merchant can defend a chargeback if it doesn't agree with the request. There is no obligation for a card issuer to raise a chargeback when Mr K asks for one. But we would consider it good practice for a chargeback to be attempted where the rights exist and there is some prospect of success.

Mr K has argued that he didn't receive the service he expected for the payment – that being the funds going to a supposed 'crypto merchant' based in another country for the purpose of completing a task, which would later allow him to withdraw his funds, as part of the job with R. As this didn't transpire, Mr K says the service wasn't provided and so it falls within the scope of the card scheme's rules.

While I've considered Mr K's views on this, I disagree. The contractual relationship Mr K had with W was the transfer of funds – that he exchanged into another currency – to a recipient in another country. W weren't providing any services relating to Mr K's job with R. And so, while I appreciate Mr K made the payment as he thought he would later be able to withdraw his funds from R, W isn't responsible for that. W provided the services he paid for and delivered what was expected of them. So, there wasn't any reasonable prospect of a chargeback claim being successful here – as W would've been able to defend it. I therefore

don't think HSBC treated Mr K unfairly by not raising a chargeback, nor do I consider they caused detriment to him in the recovery of his funds.

I know Mr K will be disappointed by this outcome. As I've said, I know he is the innocent victim of a scam and I'm not trying to place any blame on him for what happened. But it would only be fair for me to direct HSBC to refund his loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think HSBC have acted fairly and so I'm not going to tell them to do 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 Mr K to accept or reject my decision before 26 February 2026.

Daniel O'Dell
Ombudsman