

## The complaint

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

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr C lives alone in the UK, far away from his family who live overseas. On 26 May 2025, he received a (fake) communication from his home country that appeared to be official and legitimate, and it said he'd been approved for a large loan.

The loan amount was high and appealing and as Mr C had some project ideas and was keen to have the (fake) loan, he messaged a representative and connected to their online platform. The platform clarified the same loan amount was available to him and he saw a group chat and positive comments from people who had taken out loans.

Mr C completed a loan application and negotiated a monthly repayment amount. But he was required to pay a local currency fee equivalent to £673.40 which he was led to believe would later be refunded. As Mr C frequently sent international payments to his family in Country P and had an account with Company T (a legitimate international payment company) he went ahead and made the payment.

After paying the fee he was informed of an error with the registration and as this caused his loan account to be frozen, and he had to pay one additional fee after another before they could release the loan. And as Mr C thought it was genuine and that he would get refunds he made seven payments of £673.40 and one of £67.34 (which appears to have been due to an input error).

Mr C made the payments to his account with Company T from his HSBC current account (using his debit card) and then his credit card account to Company T.

I've listed this in two separate tables as his complaint has been split into two parts – by payment type – and this complaint is:

- **Complaint A, which considers Mr C's five debit card payments only.**

### Debit Card payments x 5 – **Complaint A**

Payment Number	Date	Time	Payment Method	Payee	Amount

1	26/5/25	0939	Debit card	Mr C's account with Company T	£673.40
2	26/5/25	1034	Debit card	Mr C's account with Company T	£673.40
3	26/5/25	1035	Debit card	Mr C's account with Company T	£673.40
4	26/5/25	1036	Debit card	Mr C's account with Company T	£673.40
5	26/5/25	1036	Debit card	Mr C's account with Company T	£67.34
Total A					£2,760.94

#### Credit Card payments x 3 – Complaint B

Payment Number	Date	Time	Payment Method	Payee	Amount
6	26/5/25	1219 to 1231	Credit card	Mr C's account with Company T	£673.40
	26/5/25	1219 to 1231	Credit card	Cash advance fee	£20.13
7	26/5/25	1219 to 1231	Credit card	Mr C's account with Company T	£673.40
	26/5/25	1219 to 1231	Credit card	Cash advance fee	£20.13
8	26/5/25	1219 to 1231	Credit card	Mr C's account with Company T	£673.40
	26/5/25	1219 to 1231	Credit card	Cash advance fee	£20.13
Total B					£2,080.59

<b>Total A + B</b>					<b>£4,841.53</b>
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It wasn't until after making further payments that Mr C realised he'd been scammed. He then contacted HSBC seeking a refund of his loss, but this was rejected and they told him to contact Company T who had sent his money to the scammers. They also explained that he had no chargeback rights as a third-party (Company T) made the payments upon his request.

After submitting a complaint to HSBC, which wasn't upheld, Mr C contacted our service. However, our investigator didn't think HSBC had done anything wrong.

As Mr C remains dissatisfied his complaint has been 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, my decision is to not uphold this complaint – **Complaint A**, and I'll explain why.

I am though upholding Complaint B which is detailed in a separate decision paper. I should first say that:

- Having reviewed Mr C's submissions, I'm satisfied that he was the victim of a cruel scam and I'm very sorry to hear about how his loss has caused him financial hardship.

- I'm satisfied that the APP Scam Reimbursement Rules, introduced by the Payment Systems Regulator in October 2024, for customers who have fallen victim to an APP scam, don't apply here. This is because they were card payments to another account in Mr C's name (his Company T account).
- Regarding recovery of Mr C's funds, as these were sent by Company T (rather than HSBC) and would've been immediately taken upon receipt, HSBC wouldn't have been able to get them back. Also, as explained by our investigator, there were no chargeback rights as Company T provided the service Mr C requested and a chargeback attempt would've had no prospect of success.
- The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.

#### PSR

Under the PSR and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment.

There's no dispute that Mr C made the payments here, so they are considered authorised. However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider HSBC should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have systems in place to look for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

#### Consumer Duty

Also, from July 2023 HSBC had to comply with the Financial Conduct Authority's (FCA's) Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, HSBC was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Also, HSBC had to look out for signs of vulnerability.

Regarding Mr C's vulnerability, this was unfortunately a result of being scammed. And, prior to the scam, I can't see that HSBC were aware of any vulnerability issues and had the opportunity to discuss them.

With the above in mind, I looked closely at the eight payments to see if HSBC should've recognised Mr C was at risk of financial harm and put in place intervention to probe what he was doing and detect a fraud or scam.

#### *Payments 1 to 5 – the debit card payments to which this Complaint A considers*

Although the payments were made in quick succession, I don't think it would be fair or reasonable to have expected HSBC to have stopped any of these debit card payments in order to intervene. This is because:

- Banks like HSBC process thousands of payments each day and as mentioned above have to strike a balance between fraud protection and delaying legitimate payments.
- It wasn't unusual or characteristic for Mr C to make payments to Company T, as he would regularly send money to his family who live overseas. And HSBC wouldn't have sight of Mr C's Company T account and have payee details to know they were different.
- Importantly, his previous account activity included making multiple same day payments to company T including four on one day. Although the total of the four previous payments (£1066.62), in April 2025, wasn't as high, one of the four was for a similar amount and I don't think the difference in the totals (£1,066.62 v £2,693.60) would've been a cause for concern.
- Although payment 5 was one more payment than he'd previously made to Company T and took the balance to a low amount, a pattern of consecutive same day payments to Company T had become established and Mr C had previously had periods where his account balance had dipped to a very low amount.

Payment 5 meant Mr C's account didn't have enough funds to continue making payments to the scammers and this caused him to switch to his credit card and make a further tranche of payments in quick succession on his credit card.

#### *Payments 6 to 8 – the credit card payments which I consider in Complaint B*

When looking at both current and credit card accounts together, which I consider banks should, I think HSBC should've seen these payments as unusual and intervened. I say this because of a combination of the following reasons:

- The velocity had increased beyond four payments (Mr C's previous high) and payment 6 meant that, on the same day, Mr C was paying an international payment company £3,434.34 which was three times higher than when he had previously sent his highest volume of same day payments. And he mainly used his account to make small payments.
- There was now a concerning pattern as nearly all the payments were for the same amount, which can be a scam indicator where payments are broken down to smaller amounts to circumvent checks.
- I can't see that Mr C had previously used his credit card to make Company T payments and here he was making several within an approximate ten-minute period.
- Using his credit card attracted expensive cash advance fees. This, together with his current account balance having suddenly dipped to a low amount, which it hadn't done for some time, would be a risk indicator.

**I cover this further and the service Mr C received when he contacted HSBC to inform them of the scam in a Complaint B provisional decision – which I'm currently upholding.**

Having considered all the above, I'm sorry to disappoint Mr C but on **Complaint A** I don't think HSBC made an error in not intervening on the first five debit card payments. So, I'm not upholding this complaint – Complaint A – against HSBC UK Bank Plc.

### **My final decision**

For the reasons mentioned above, my final decision is that I'm not upholding this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 6 March 2026.

Paul Douglas  
**Ombudsman**