

The complaint

Mr W complains that HSBC UK Bank Plc (“HSBC”) won’t refund money he lost as part of a scam.

Mr W’s complaint was brought to our service by a representative but, for ease of reference, I shall refer to Mr W throughout my decision.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

In 2020, Mr W transferred the balance of his ISA with HSBC to a new provider (this provider will be referred to as “Company C”).

Later, Mr W discovered that the underlying investment behind his new ISA was fraudulent, and that his funds were lost. Because of this, he contacted HSBC to request a reimbursement of his losses.

HSBC investigated the matter but declined to reimburse Mr W on the basis that they transferred his ISA in line with regulatory requirements and couldn’t have foreseen his loss at the time. Unhappy with this response, Mr W referred his complaint to our service.

An investigator looked into the matter but did not uphold Mr W’s complaint as they believed that HSBC hadn’t acted incorrectly when transferring his ISA and couldn’t be held liable for his losses.

Mr W disagreed with the investigator’s assessment of the complaint for a number of reasons. In summary, Mr W felt that HSBC could have, and should’ve, prevented Mr W’s loss at the time of the transfer.

As the complaint couldn’t be resolved by the investigator 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.

Firstly, I should clarify that Mr W has raised a number of issues and complaints with HSBC. My decision on this case relates solely to HSBC’s responsibility when transferring Mr W’s ISA funds to Company C in 2020, and whether they ought to have prevented his loss at the time of the transfer.

Mr W has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mr W’s complaint. This is not meant to be a

discourtesy to Mr W and I want to assure him I have considered everything he has submitted carefully.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

In broad terms, the starting position at law is that a bank such as HSBC is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the withdrawal was authorised, so the starting position is that HSBC isn't liable for the transaction.

In order for me to say that HSBC should reimburse Mr W, I'd need to make a finding that they failed follow the correct procedures and take appropriate actions which ultimately led to his loss.

The primary obligation of the remitting institution in such circumstances is to execute the transfer without undue delay, rather than to evaluate the legitimacy or appropriateness of the instruction. In accordance with this, HSBC was required to process the transaction in line with Mr W's request.

It's not in contention that Mr W had already decided to proceed with the investment prior to the transfer request being sent. Furthermore, HSBC could not reasonably have been expected to assess the suitability of a third-party investment product without first obtaining a detailed understanding of Mr W's personal circumstances, needs and objectives.

Conducting such an assessment in the absence of Mr W's explicit instruction to do so would have exceeded the scope of what could reasonably be required of HSBC when acting upon a correctly authorised customer mandate.

I understand that Mr W had previously paid HSBC for financial advice to determine how he should best invest his money. Having reviewed this, I can see that this arrangement was not for ongoing advice, so I don't believe this meant HSBC were under any obligation to assess whether the investment was suitable.

Given this, and the fact that another company (further referred to as "Company H") who were authorised by the Financial Conduct Authority (FCA) to give financial advice had conducted their own suitability report for Mr W, I don't think it would've been appropriate for HSBC to have considered whether the advice he'd received was appropriate for his financial needs.

So, while I don't believe HSBC ought to have considered whether the withdrawal request and investment were appropriate for Mr W's needs at the time, I've gone on to consider whether they ought to have identified that processing the withdrawal put Mr W at risk of fraud or financial harm.

HSBC received a request to transfer Mr W's ISA balance from Company H, which was a wealth management company. Though they are no longer trading, as mentioned previously, Company H were authorised and regulated by the FCA at the time of the transfer.

Company H requested that Mr W's funds be transferred to another company (further referred to as "Company P") who were acting as third party administrators for Company C. This

company were also authorised and regulated by the Financial Conduct Authority at the time of the transfer.

So, on the face of it, I don't believe that HSBC ought to have had any suspicions that Mr W may be at risk of fraud or financial harm at the time of the transfer request, given the regulatory status of the companies involved. I appreciate that the value of the transfer was significant, but I don't believe this alone means HSBC ought to have had concerns about the legitimacy of the investment or the instruction they received.

I should also state that Company P are a well-known and established organisation, further diminishing any concerns HSBC may have had that there could be any risks involved with the transfer of Mr W's ISA funds.

Mr W has argued that the inclusion of FCA regulated companies doesn't absolve HSBC of any duty to ensure that the investment vehicle itself was legitimate. Ultimately, I don't believe any of the information HSBC had available at the time ought to have led to them having any cause for concern that the investment vehicle wasn't legitimate; nor that they ought to have investigated the investment independently to confirm its legitimacy.

I've every sympathy for Mr W as it's clear that this situation has had a large impact on him. But, for the reasons stated above, I'm not persuaded that HSBC acted incorrectly when processing the withdrawal request. Rather, I'm satisfied they followed the correct procedures throughout the process. I'm therefore unable to say that HSBC has acted incorrectly in this instance or that they should reimburse Mr W's losses.

My final decision

My final decision is that I do not uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 24 March 2026.

Billy Wyatt
Ombudsman