

The complaint

Ms M complains that HSBC UK Bank Plc won't refund the money she lost as the result of a scam.

What happened

In January 2025 Ms M received an email which appeared to be from an elderly neighbour. The email asked Ms M to buy a gift card for the neighbour to give to a friend. Ms M frequently helped the neighbour with various tasks, and the request didn't strike her as strange.

Ms M bought the gift card as requested. It cost £300, and she paid for it using her HSBC debit card. But Ms M quickly became concerned about the payment. She contacted her neighbour's husband and it became clear that Ms M had fallen victim to a scam, and that the email had come from someone impersonating her neighbour. Ms M reported the scam to HSBC promptly when she realised what had happened.

HSBC told Ms M that it couldn't stop the payment, and couldn't dispute it until it had left Ms M's account. Ms M contacted the retailer who'd sold the gift card, but wasn't able to recover the money.

Ms M says she spoke to HSBC about the issue numerous times. She says it repeatedly failed to call her when it said it would, and offered her no guidance. Ms M says HSBC never asked her for any evidence to help with its investigation, but after giving her false hope, eventually told her that it wasn't willing to refund the £300.

In its final response to Ms M's complaint, HSBC said that it wouldn't refund the money to Ms M, and it couldn't dispute the transaction, as the retailer had provided the requested gift voucher.

One of our investigators considered the complaint, but didn't think it should be upheld. In summary, she didn't think HSBC had done anything wrong by not intervening when Ms M made the payment. And she didn't think it could have stopped the payment or recovered Ms M's money.

Ms M didn't agree with the investigator's view, so the complaint's 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.

Ms M has provided detailed submissions about her complaint, and it's clear how strongly she feels about what happened. I want to assure Ms M that I've read and considered everything that's been provided. I've summarised the complaint, and have used my own words. This simply reflects the informal nature of our service, and isn't intended as a discourtesy. If

I don't comment on a specific point, it's not because I've ignored it, but because I don't think I need to comment on it in order to reach what I consider to be a fair outcome.

It's not in dispute that Ms M has fallen victim to a cruel scam, and I was sorry to learn of this. Ms M has asserted, in summary, that she didn't authorise the payment in any meaningful sense, because she made it without realising that she was doing so as part of a scam. But she made the payment herself. It was made to a legitimate online retailer for a genuine item (the gift card). It wasn't made directly to the scammer, and the retailer itself played no part in deceiving Ms M. So even though Ms M didn't intend the gift card to end up with a scammer, I'm satisfied that the payment was properly 'authorised' under the Payment Services Regulations 2017. This means that HSBC had an obligation to follow the payment instructions it received, and Ms M is presumed liable for her loss in the first instance.

But there are other factors to consider. The payment was made by debit card, so as Ms M is aware, the provisions of the Lending Standards Board's Contingent Reimbursement Model don't apply here. But in deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance, standards and codes of practice and, where appropriate, what I consider to have been good industry practice at the time.

Taking those things into account, I think that at the time the payment was made, HSBC should have been doing the following to help protect its customers from the possibility of financial harm:

- monitoring accounts and payments to counter various risks, including fraud and scams;
- keeping systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things) – especially given the increase in sophisticated fraud and scams in recent years, with which financial institutions are generally more familiar than the average customer;
- acting to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring that all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, regardless of the payment method used, taking additional steps, or making additional checks, before processing a payment, or, where appropriate, declining to make a payment altogether; and
- being mindful of - among other things – common scam scenarios, how fraudulent practices were 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.

There's a balance to be struck. Banks have obligations to be alert to fraud and scams and – as Ms M has pointed out - to act in their customers' best interests, but they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

I understand that £300 isn't a small amount of money. But it isn't enough, either in itself, or when compared with the payments that Ms M had made from her account in the preceding months, that I think that it ought to have prompted HSBC to be concerned that Ms M was at risk of financial harm from fraud. So I don't consider that HSBC was wrong not to intervene when Ms M made the payment.

It's not in dispute that Ms M contacted HSBC very quickly after she made the payment. She believes that HSBC might have been able to stop the payment. But even though she contacted HSBC promptly, the payment had already been processed by HSBC, and was pending. So it was out of HSBC's hands. HSBC wouldn't have been able to prevent the money from leaving Ms M's account. If the merchant had declined the payment, it would have been returned to Ms M. But that's not something that HSBC could bring about.

I've thought about whether HSBC could have done more to recover the money for Ms M. The chargeback system covers payments made by debit card. But chargeback isn't an automatic right, and banks don't have to raise a claim where there isn't a reasonable prospect of success. In this case, I'm satisfied that it was reasonable of HSBC to conclude that a chargeback claim would have no realistic prospect of success. This is because the retailer that Ms M bought the gift card from provided the card. So it provided the item Ms M had paid for, even though it sadly ended up in the wrong hands.

I'd like to reiterate that I was very sorry to learn of what happened. It seems particularly cruel that Ms M fell victim to a scam in the course of trying to do someone a good turn. I don't underestimate the distress that this will have understandably caused. But my role is to decide whether I can fairly hold HSBC responsible for her loss. I'm sorry to disappoint Ms M, but for the reasons I've set out, I'm not persuaded that I can.

Finally, while I can understand Ms M's disappointment that HSBC didn't ask her for more evidence, I can't see that further investigation on HSBC's part would have led to a different conclusion. HSBC isn't disputing that Ms M was the victim of a sophisticated scam. But there was nothing on the face of the payment that should have alerted it to the possibility that it was being made as part of a scam. HSBC couldn't have stopped the payment, and it was reasonable to conclude that a chargeback claim would have had no reasonable prospect of success. I can understand why it would have added to Ms M's stress and frustration that HSBC didn't always call when it said it would, but I don't consider this to be sufficient to merit an award of compensation.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 11 March 2026.

Juliet Collins

Ombudsman