

The complaint

Mrs H's representative, Mrs P, complains that HSBC UK Bank Plc didn't do more to safeguard Mrs H from fraud. She would like HSBC to reimburse funds that were lost.

What happened

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Mrs P reported concerning and suspected fraudulent activity on Mrs H's account to HSBC after a review of her account led to the identification of multiple suspicious payments that had been made from the account via cheque, card payments, postal orders, standing orders and Direct Debits. Mrs P believed these to be fraudulent as Mrs H was vulnerable and likely being manipulated.

HSBC considered Mrs P's complaint but found that Mrs H had ultimately authorised all the transactions subject to the dispute, and it carried out its obligation to process those transactions. It did however raise disputes via Chargeback and Direct Debit Indemnities on some of the payments made and provided refunds for those transactions. It also recognised that it ought to have raised disputes on further payments earlier, which were now outside the time-limits allowed for such disputes. It reimbursed those payments in full.

Mrs P remained unhappy with HSBC's response, as she felt it should have done more to safeguard Mrs H at the point the payments were made. So she referred her complaint to our service for an independent review.

In providing evidence to our service, HSBC recognised that there was a further payment it had overlooked in its initial review. It offered to reimburse this payment, including interest, in settlement of the complaint.

Our Investigator considered the complaint and found HSBC's offer, and response to the complaint, was fair in the circumstances.

Mrs H disagreed with the Investigator's assessment, so the matter has now 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.

Considerations

There is no dispute here that Mrs H authorised the transactions in question. And the starting position in law is that she will be held liable for the transactions authorised in the first instance. That is due to HSBC's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, Mrs P has mentioned in her submissions to our service that HSBC ought to have considered Mrs H's complaint taking into account the Contingent Reimbursement Model (the CRM Code) which HSBC was a signatory to at the time Mrs H made the payments in dispute.

The CRM Code however is only applicable to transfers carried out using the Faster Payments system. And as all the payments subject to this dispute were not Faster Payments, the CRM Code is not relevant in this complaint.

However, taking into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time, HSBC ought reasonably to have been on the lookout for transactions that might be indicative of Mrs H being at risk of harm, such as from fraud. And where it ought to have identified a risk, and could have prevented Mrs H's loss, it can be held liable for those transactions. But that liability only exists where I am satisfied that Mrs H has more likely than not been a victim of fraud.

Has Mrs H likely been the victim of fraud?

I would first like to acknowledge the difficult circumstances Mrs P is in in trying to piece together what these payments were for. And I understand that Mrs H's health conditions have presented a difficult task in unravelling what has occurred here, as she is unable to remember much of the detail around those payments. There are a substantial number of transactions associated with this complaint and it's not always clear which payments were for what products or services.

What we do know is that some of the payments—which were made for supplements—did result in Mrs H receiving products to her home address. And while Mrs P rightly has some concerns over the legitimacy of these products, and the way in which they were sold to Mrs H, it does not automatically follow that Mrs H has been the victim of fraud. She has carried out her own research on some of the businesses that sold Mrs H these supplements, and this had revealed some online reviews indicating that some of the businesses are not entirely above board. But I don't find the information she has discovered online to be compelling enough to say, on the balance of probabilities, that Mrs H was dealing with fraudsters here.

It is evident that some of the businesses may have had questionable practices. And I can see from evidence that they may have been targeting a certain demographic of customers when selling their products. But I can't say to a likely degree that these businesses were acting fraudulently with the information currently present.

Mrs P has also pointed out that Mrs H made several payments toward multiple boiler and drainage protection covers. Again, while this does appear suspicious in nature, I cannot rule out the possibility that Mrs H did in fact agree to these protections overlooking that she'd already taken them out with another provider. And there is nothing to suggest that these businesses were aware Mrs H had existing protection from other providers at the time they sold theirs to her.

I have a great deal of sympathy for Mrs H's circumstances, and Mrs P's frustration with what appears to be unscrupulous businesses taking advantage of Mrs H. But the bar for criminal fraud is a high one. It is difficult for me in my position as an Ombudsman to know the intentions of those people Mrs H was dealing with over the telephone, as our service lacks the legal power to interview suspected criminals, test the products that have been sent to Mrs H or trace her funds to their exit point. I can therefore only rely upon the limited information in front of me. Here, there is evidence Mrs H received the products she'd paid

for, and little evidence the services she was paying toward were not received. I have also seen little evidence of misrepresentation or dishonesty.

I want to be clear that I am not ruling out the possibility that Mrs H has been the victim of fraud here. But with the limited evidence currently available, it is difficult to justify such a conclusion. But should any new information come to light in the future that reveals a fraud was likely committed by the businesses Mrs P has referred to, she can present that new evidence to HSBC for further consideration.

Could HSBC have done more to protect Mrs H?

It is evident to me from looking at the value and pattern of transactions made that this would have been difficult for HSBC to identify. This is especially the case when considering HSBC processes a substantial number of transactions at any given time. So it's a complicated and challenging task to identify payments that may appear out of the ordinary against meeting its primary obligation to process transactions without undue delay as its customer instructs it to do.

Many of the payments subject to this dispute—in isolation—were of a relatively low value. They were also spread out over a lengthy period of time and made via various different methods and to different payees. This would have made it difficult to identify them, as this wouldn't have presented the typical pattern in which payments associated with fraud are made.

Mrs P has argued that HSBC ought to have had a heightened sense of security on Mrs H's account as she'd already been subject to a similar fraud back in 2022. But I have listened to the call between Mrs H and HSBC when this was reported. And while the representative of HSBC was suspicious of the payments Mrs H was reporting, cancelled a cheque she had recently issued but had not been cashed, and told Mrs H to cease any further payments to the payee, it wasn't obvious at that stage that Mrs H was the victim of fraud. Nor was it aware of any vulnerabilities Mrs H had at that time. Mrs H appeared to be astute to her circumstances on the call and demonstrated a good understanding of the suspicious nature of the requests that were being made of her.

Considering all of the above, I find it unlikely HSBC would have been able to identify any cause for concern here. Nor do I find that it failed in its duty to protect Mrs H.

Did HSBC do all it could have done to recover Mrs H's funds?

HSBC did recognise at the time of reporting that Mrs P wished to dispute the payments Mrs H had made on the basis that she received sub-standard or misrepresented products. It therefore raised disputes where it was able to do so via Direct Debit Indemnity and the Chargeback schemes. It could not do this with the standing orders or cheque payments as no such dispute schemes exist for payments made via these methods.

HSBC also recognised that it ought to have acted sooner than in did in raising these disputes, and refunded Mrs H any payments that should have been raised when Mrs P raised her concerns. I find that to have been a fair and reasonable response to its errors.

When Mrs P referred her complaint to our service, HSBC discovered as part of its review that it had mistakenly overlooked a payment from that reimbursement and offered to refund Mrs H, with interest, to reflect the deprivation of those funds. It also raised further Direct Debit Indemnities it had discovered after the review. Again, I find that to have been a reasonable offer in the circumstances, as it was putting Mrs H back into the position she would have been in had it not made that error.

Putting things right

HSBC should now go ahead and reimburse Mrs H the remaining £199.99 if it hasn't already done so. It should also pay the 8% simple annual interest it has offered from the date it ought to have raised the claim to the date it settles.

My final decision

HSBC has already made an offer to pay £199.99, including interest. So my decision is that HSBC UK Bank Plc should now go ahead and settle the complaint as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 30 December 2025.

Stephen Westlake
Ombudsman