

The complaint

Mrs B has complained that HSBC UK Bank Plc wont refund money she lost to a scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my 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.

Having done so, I agree with the investigator's findings for broadly the same reasons, I will explain why.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Mrs B knowingly made the payments from her account and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, HSBC is expected to process Mrs B's request, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for HSBC to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

The question then arises whether HSBC ought reasonably to have held such suspicions or concerns in relation to Mrs B's payments - and if so, what might've been expected from a proportionate intervention at that time. Further to that, where there is an interaction between a customer and a bank before a payment is processed, I'd expect the bank to take reasonable steps to understand the circumstances of that payment.

So, taking all of this into account, I need to decide if HSBC acted fairly and reasonably in their dealings with Mrs B when she made the payments. Specifically, whether it should've done more than it did before processing them – and if it had, would that have made a difference. I also need to decide if HSBC could've reasonably recovered the lost funds.

I understand that Mrs B opened her HSBC account as part of the scam. As such, it could be argued that this would have made it difficult to detect uncharacteristic payments (given the lack of account history). However, I don't think that prevents HSBC from appropriately identifying suspicious activity. That said the first payment Mrs B made was for 1,183 Euros on 28 May 2025.

While I accept that the amount of money Mrs B sent was clearly significant to her, this doesn't in itself suggest a heightened risk of fraud. On balance, taking into account that

HSBC needs to take an appropriate line between protecting against fraud and not unduly hindering legitimate transactions, and also considering the value of this payment, I don't think HSBC ought to have been sufficiently concerned about this payment. Therefore, it would not be fair and reasonable to expect it to have provided warnings to Mrs B at this point.

The second payment in dispute occurred well over a month later, and while the payment in dispute had increased in value the payee remained the same, so it could be argued that as Mrs B has made a prior payment, it was now an established payee. In any event based on the payment value and the time between the payments, I'm satisfied it wouldn't be reasonable to have expected HSBC's systems to have been triggered by payment. I say this because the payment was all relatively low in value and the volume of payments were not made in quick succession. As such it didn't appear the payments were being made under pressure and Mrs B had sufficient time to reflect and carry out any research she wished to do between each payment.

The third payment Mrs B made was for 5,745.44 Euros on 13 August 2025 (over a month after the previous payment). However, in comparison with the previous transactions, payment five was an escalating payment of an increased value being a potential indicator of fraud. Therefore, in my view, there was enough about the characteristics of this transaction and the activity on Mrs B's account that ought to have been concerning; such that HSBC should have intervened at that time to indicate she could be at risk of fraud. So, I am satisfied that it is fair and reasonable to conclude that HSBC should have warned Mrs B before this payment went ahead.

In thinking what a proportionate warning ought to have been when considering the risk the payment presented, I have taken the following into consideration. The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, by August 2025, when the payment in question took place, HSBC should have had systems in place to identify, as far as possible, the actual scam that might be taking place. For example, by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment she was making – have provided a scam warning tailored to the likely scam Mrs B was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance. However, even if HSBC had asked a series of automated questions like I have outlined above, I am satisfied it wouldn't have uncovered the scam.

I say this because, HSBC went one step further than the intervention I deemed proportionate and outlined above. It did identify that payment Mrs B made on 13 August 2025 and chose human intervention. Having listened to the call I am satisfied HSBC asked open and probing questions to try and establish the scam Mrs B was falling victim to. At the start of the call Mrs B explained she had received a text message she could be falling victim of a scam – as such she was aware prior to the call that HSBC has concerns in regarding a scam. The advisor asked, was this the first time Mrs B had made the payment and what was the reason for the payment. Mrs B said it was for a holiday; the advisor went on to ask questions around how she got the payment details and surrounding the holiday and Mrs B said she was paying for a villa in Spain for a holiday next year. However, Mrs B also expressed dissatisfaction with

the questions the advisor asked where she said *“why do you need to know this? I don’t think it has anything to do with you as I am making this payment”*. On several occasions Mrs B provided inaccurate information to the advisor, and the explanation she provided seemed plausible. As such, this denied the advisor an opportunity to identify the scam Mrs B was falling victim to.

Mrs B also went on to say:

“I am happy that the money is going to the intended recipient and I am also happy if it doesn’t go to the intended recipient, that I wouldn’t expect the bank, because obviously this is being recorded, I wouldn’t expect the bank to compensate me for that loss.”

Despite this the advisor went on to give an example of a scam for goods and services (due to the explanation Mrs B provided) and discussed around these being advertised on social media. Mrs B confirmed she hadn’t come across it on social media. As such the payment was released.

Overall, I am satisfied the intervention call was adequate and Mrs B sounded confident and there wasn’t anything to indicate to the advisor Mrs B was vulnerable during that call. Mrs B’s representative has said the call was interrogatory in nature, which made Mrs B defensive and less likely to reconsider. I disagree, having listened to the call the advisor was polite and explained the reasons for the questions he was asking, the questions were open and while he probed, this is exactly what we would expect from an intervention via telephone.

However, Mrs B’s representative has also said *“we and our client think that the bank should have asked more probing questions after she said it was for a holiday purpose”*. So, despite Mrs B starting the call was interrogatory and expressing her dissatisfaction on the call when the advisor asked probing questions surrounding the ‘holiday’ she also feels more questions should have been asked. Having listened to the call I am satisfied the advisor asked several questions surrounding the holiday and Mrs B provided plausible answers. As discussed above, due to the inaccurate information Mrs B provided, HSBC was unable to identify the risk she was exposed to. I can’t hold HSBC responsible for this.

Mrs B’s representative has raised her vulnerability and how it impacts her. The representative has explained that due to her prescribed medication she has a loss of risk perception and decision-making capacity. I am sorry to hear about Mrs B’s difficult circumstances, and I can imagine how falling victim to a cruel scam would have impacted her further. That said, as highlighted by her representative, her vulnerability was not made known to HSBC prior to the scam. And while the FCA’s guidance states that front end staff have a duty to identify vulnerable consumers, having listened to the call I am satisfied there was nothing to indicate Mrs B was vulnerable or a higher duty of care was required.

However, as I have discussed above, HSBC has already gone above and beyond what I deem to have been a proportionate warning as such, even if it was aware of Mrs B’s vulnerability, it’s likely we would have said a more formal intervention was required, which is what HSBC did in this case.

Recovery

I have gone on to consider if HSBC took reasonable steps to try and recover the funds. However, Mrs B didn’t report the scam to HSBC until two months after the last payment. Due to the time that had passed from the scam occurring and when it was reported to HSBC, as the type of payment in question is an international payment, I am satisfied it was always unlikely the funds would have been recoverable.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 13 March 2026.

Jade Rowe
Ombudsman