

## **The complaint**

Miss Z complains that HSBC UK Bank Plc ought to have done more to protect her from fraud.

## **What happened**

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

In December 2024, Miss Z received a call from a person purporting to be from a UK telecoms provider. The caller claimed that a person using Miss Z's identity had purchased a SIM card and used it to commit fraud.

She was instructed to report the theft of her identity to the authorities in the country she was from, and was seemingly transferred to a secondary caller that purported to be a representative of that authority.

Miss Z was then told she was under investigation for international money laundering and was instructed to make payments to them so that her assets could be investigated; she was threatened with repatriation if she did not comply. Miss Z made the payments as instructed from her HSBC account.

After the ordeal, Miss Z realised she'd been the victim of fraud. She reported this to HSBC which, after investigation, concluded it could have done more to protect her. But it also found that Miss Z ought to have done more to protect herself. It therefore agreed to reimburse Miss Z 75% of the funds she'd lost to the fraud.

Miss Z remained unhappy with that outcome, so she referred her complaint to our service for an independent review. An Investigator considered the complaint, but concluded that HSBC hadn't acted fairly. They therefore recommended HSBC reimburse Miss Z in full, with interest.

HSBC disagreed with that assessment; therefore, the complaint was passed to me to decide.

On 22 January 2026, I issued provisional findings to both parties, as it was my intention to overturn the Investigator's outcome and not uphold the complaint. Those provisional findings were as follows:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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 have been good industry practice at the time.

There is no dispute here that Miss Z authorised the transactions in question. And the starting

position in law is that she will be held liable for transactions that are 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, taking into account the above considerations, HSBC ought reasonably to have been on the lookout for any transactions that would indicate Miss Z was at risk of financial harm from fraud. And where it identifies a risk, it ought reasonably to intervene in that payment, ascertain the purpose of it, and provide warnings relevant to the risk presented.

There is no dispute in this case that HSBC ought to have intervened in the payments made, as it did in fact identify a risk, pause the payments and ask Miss Z to contact it to discuss them further. So, the question here is whether HSBC's interventions went far enough, and if not, whether a better intervention likely would have prevented Miss Z's loss.

The first call between HSBC and Miss Z took place on the 2 December 2024. The pertinent points of this call are as follows:

- Miss Z told the representative that she was transferring money to a relative abroad for the payment of tuition fees. When challenged as to why she wasn't making the transfer directly, Miss Z told the representative that the institution only accepted payments from local banks, which was being facilitated by her family member.
- The representative asked Miss Z if she had received an unexpected call from someone—including a Police Officer—, was told to lie to the bank or if she was currently on the phone with someone else. Miss Z answered "no" to these questions.
- The representative asked Miss Z how she received the account details for the transfer, and she responded that she received them by message.
- The representative stated that she should confirm the account details with her relative via a telephone call. The payment was put on hold until this took place.

Miss Z then called back the following morning to confirm she would like to proceed with the payment. Again, Miss Z was asked if she received an unexpected call—including from a Police Officer—, was told to lie to the bank or was on the telephone with someone at the time. Miss Z again replied "no" to these questions, despite that not being the case. Miss Z reiterated that she was sending the money to a family member for tuition fees. Miss Z answered challenges to this confidently.

It is clear from the evidence available that Miss Z had been exposed to considerable, prolonged and targeted social engineering by the fraudster. She had been told by the fraudster that she was not permitted to disclose her contact with them with anyone, was told to lie to the bank, and was being coached on the telephone as she spoke to the bank. And despite being told specifically by the bank's representative that the social engineering she had experienced would be indicators of fraud, Miss Z continued to answer dishonestly and instructed the bank to proceed with the payment.

I realise Miss Z done this under duress and was legitimately fearful of the repercussions of not following the fraudster's instructions. I want to make it clear that my findings above are not intended to lay blame on her for what occurred. My findings are solely for the purpose of helping Miss Z understand why I'm not persuaded HSBC would have been able to prevent this fraud from continuing, even were its interventions to have been more extensive.

HSBC had asked Miss Z appropriate questions, warned her regarding the specific circumstances she was experiencing and advised her appropriately based on the responses given. Miss Z's responses, which were not honest, thwarted HSBC's ability to advise her appropriately and warn her about the fraud she was in fact a victim of. It is therefore unreasonable to expect HSBC to be held liable for the loss suffered.

HSBC decided prior to Miss Z's complaint being referred to our service to reimburse her 75% of the loss she suffered. As I'm not persuaded HSBC would have been able to prevent this fraud from continuing, I wouldn't have recommended any reimbursement of the funds lost. Therefore, I find the reimbursement HSBC has provided is fair and reasonable in the circumstances."

Both parties were given until 5 February 2026 to provide any further comment or evidence before reaching my final decision. As both parties have now responded, I'm able to issue my 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.

Miss Z has responded to my provisional findings laying out several additional points she would like me to consider before reaching my final decision. A summary of the pertinent points is as follows:

- She was subjected to a highly sophisticated and professional fraud, which relied upon manipulation, coercion and fear. And these combined factors led to her having a genuinely held belief she was transferring the funds for legitimate purposes.
- HSBC's intervention relied upon self-disclosure, which it ought to have known is unreliable in cases of fraud where victims are subjected to such extreme conditioning and social engineering.
- HSBC missed red flags which ought to have caused it concern and prompted a higher degree of intervention, such as asking her to attend branch and provide evidence supporting her testimony. And this could—realistically—have prevented the fraud.

I would like to thank Miss Z for her detailed response, as I'm sure it has not been easy for her to relive the traumatic events that she has faced. And I would also like to reassure her that I do not consider any of the behaviour she has displayed to be negligent or intentionally dishonest.

It is unambiguously clear to me that she was subjected to a well thought out and premeditated crime here; with a level of sophistication many reasonable people would likely have responded similarly to. So, she should not blame herself for the actions of a callous criminal.

My primary consideration here is the actions of HSBC, and whether it could reasonably have prevented the fraud that was committed against Miss Z. And taking into consideration Miss Z's additional points, I am not persuaded to depart from the findings set out in my provisional findings.

Miss Z has argued that there were numerous red flags that HSBC ought to have picked up on when processing the payments she requested, and when it questioned her about the purpose of those payments. And she believes that had HSBC picked up on these, it ought to have done more; suggesting that asking her to attend a branch with further evidence would have been reasonable in the circumstances. But I don't agree with that argument.

As I have already set out in my provisional findings, Miss Z was confident and persuasive when questioned by HSBC. And the responses she provided were plausible and coherent. I accept that HSBC ought to be alive to types of fraud where a customer is coerced into being dishonest to their bank. But it can only go so far when questioning its customer and dealing

with the information put before it, and must balance this carefully against its primary obligation to process payments without unreasonable delay.

Due to the believability of the responses given—and the way in which they were delivered—there was no reason, in my view, to probe Miss Z further. And I find a request to attend branch and provide evidence in these circumstances would have been disproportionate to the risks HSBC was presented with. So I remain of the view that HSBC's decision to process the payments based on the responses given was fair and reasonable in the circumstances.

However, even were I to find that HSBC ought to have gone further and ask Miss Z to attend branch with evidence—which I would like to clarify I do not—, I don't find it likely that this additional step would have prevented the fraud or stopped Miss Z from continuing to make payments.

The very nature of this fraud meant that Miss Z was willing to do whatever the fraudster instructed her to. And she likely would have been heavily coached on what to tell the bank at this encounter well before she was in attendance. It is also clear that the fraudster was providing Miss Z with falsified documentation as part of the fraud; something they realistically could have provided again for any branch interaction. And due to the international element of this fraud, it would have difficult for HSBC representatives to verify any evidence Miss Z would have provided as part of that interaction.

I am sorry to hear of the emotional and financial impact this has had on Miss Z. But I can only hold HSBC liable for her financial loss where it could have reasonably prevented the fraud from being committed against her. And from considering the evidence carefully in this complaint, I don't find it likely that it could have. It would therefore be unreasonable to direct it to reimburse the remaining 25% of her loss.

### **My final decision**

For the reasons I have given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss Z to accept or reject my decision before 4 March 2026.

Stephen Westlake  
**Ombudsman**