

The complaint

Miss A and Mr J complain that HSBC UK Bank Plc (trading as first direct) won't refund their losses from a scam.

What happened

Miss A was the victim of a holiday rental scam, where she was tricked into making an international payment of around £4,000 in 2025.

Our investigator concluded that HSBC acted fairly in not refunding the payment. They didn't think HSBC ought to have intervened before the payment was made, nor could it have reasonably recovered the funds.

Miss A disagreed and asked for an ombudsman to review the matter. She considered the payment to be high risk, noting it was a first-time, high-value international transfer to a new payee, outside her normal behaviour, and made under time pressure. Despite this, HSBC only gave a generic warning. She also provided information to support her vulnerabilities, which made her particularly susceptible to the scam. She believed that HSBC had a duty of care to apply appropriate safeguards in light of this.

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've reached the same outcome as our investigator for these reasons:

- It's not disputed that Miss A was the victim of a cruel and sophisticated scam. There are various rules and industry codes that apply in these situations, but there's no general obligation for banks to refund victims of scams. For an international payment such as this, the starting position – consistent with the Payment Services Regulations 2017 – is that Miss A and Mr J are responsible for the payment they authorised.
- However, that's not the end of the matter. HSBC is aware, in line with longstanding regulatory expectations and what I consider to be good industry practice at the time, that it should have been alert to potential fraud and may have needed to carry out additional checks before processing payments in certain circumstances.
- I recognise this was a significant personal loss for Miss A. At the same time, I'm mindful of the volume of similar-sized payments a bank like HSBC processes, and the impracticality of intervening on each one. I've also noted she had previously made similar-sized international payments. While I appreciate the distinctions she's drawn between those and the disputed transfer, I still consider them to be evidence that she legitimately made larger overseas payments from time to time.
- This was also a one-off payment, so HSBC wouldn't have identified a suspicious pattern. And I don't think there was anything about the payee, on the face of it, that

ought to have stood out to HSBC as particularly concerning.

- Taking all this into account – and bearing in mind that HSBC must balance protecting its customers from fraud with carrying out the payment instructions it receives – I think it was reasonable for the bank to process the payment in line with her instructions without carrying out further checks.
- As well as considering what HSBC did when Miss A made the payment, I've looked at whether it should've done more to recover the funds afterwards. I've noted that it contacted the receiving bank promptly, but no funds remained. Regrettably, this is typical, as fraudsters often move money on very quickly. It follows that I don't think HSBC could've done more to get the money back.
- In reaching my decision, I've taken Miss A's vulnerabilities into account. I can see how these may have made her more susceptible to the scam. But I don't think HSBC could reasonably have known about these factors at the time, such that it ought to have acted differently. And for me to tell the bank to put things right, I would need to find that it did something wrong which caused her loss.
- I've also considered her point that HSBC should have warned her, at the point of payment, that she wouldn't be protected for international transfers. There are many factors that influence whether someone is reimbursed under the APP scam reimbursement rules, and I wouldn't reasonably expect HSBC to explain all of these each time someone makes a payment. This is particularly so in circumstances where, based on what it knew at the time, I don't think there was any noteworthy cause for concern.
- I realise this will be upsetting and disappointing news. This decision doesn't in any way place blame on Miss A – she was the victim of a scam. But for the reasons above, I don't think I can reasonably hold her bank responsible for these losses either.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A and Mr J to accept or reject my decision before 19 March 2026.

Emma Szkolar
Ombudsman