

## **The complaint**

A, a limited company, complains about how HSBC UK Bank Plc handled their fraud claim.

The complaint has been brought by Mr B, a director of A.

## **What happened**

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr B made an international payment of \$23,025 from A's account on 22 August 2025. It was meant to go to a long-standing and trusted supplier (which I'll refer to as 'L'). Unfortunately, L's email account had been compromised by a third party that sent fraudulent invoices to A that contained new payment details.

Upon realising the funds hadn't reached L and that A had fallen victim to a scam, Mr B notified HSBC. A complaint was subsequently raised but HSBC rejected it. HSBC said during the setup of the payment they asked some fraud check questions and notified Mr B that if the money was sent to a fraudster's account, they may not be able to get it back. HSBC also explained that they requested a return of the funds from the beneficiary bank, but they were told that the customer had rejected a debit authority request.

The complaint was referred to the Financial Ombudsman. Our Investigator didn't think HSBC had to do anything further. This was because he didn't think the payment was unusual enough to have expected HSBC to have intervened before processing it. And he noted that when making the payment, Mr B confirmed he'd obtained the request for payment from L in person (face to face) rather than by email – which prevented HSBC from identifying it as a higher risk payment. Our Investigator also didn't think HSBC could've done anything more to recover the funds due to them being sent internationally.

Mr B disagreed, and so the matter has been passed to me to decide. In short, he's said:

- The complaint isn't about HSBC's prevention of the payment being made – as he accepts HSBC may not have reasonably been able to prevent it. But instead, he's unhappy with HSBC's attempts to recover the funds after being notified of what happened.
- HSBC's recovery actions should go beyond a single request for the funds to be returned – particularly given their size and capability. HSBC ought to have engaged with the beneficiary bank in a meaningful way and he questions whether they took reasonable and proportionate steps to try and recover it.

- There's clear evidence that the receiving bank account belonged to a criminal organisation, and so the beneficiary bank has responsibilities relating to fraud and money laundering.
- He rejects the conclusion that selecting 'face to face' invalidates A's position, as their relationship with L was established in this way. This does not mean every payment is arranged in person – nor could it reasonably be expected in international trade. Selecting this option was factually accurate in the context of A's relationship with L.
- The service received from HSBC upon notifying them of the fraud was poor. He spent many hours attempting to engage with HSBC only to find their staff had no authority or ability to take further action – and escalation wasn't possible. And in practical terms, this meant there was no genuine prospect of recovery being pursued.
- This outcome is disproportionately unfair, and it sets a low bar for what is expected from a major international bank.

### **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.

I'm sorry that A has been the victim of a scam. I appreciate it is a significant amount of money and so I understand why Mr B would do everything he can to try and recover it. But I must consider whether HSBC is responsible for the loss suffered. At which point I should explain that while there are certain obligations on banks to protect their customers and prevent losses to scams in certain circumstances, these are not absolute. And so, there are unfortunately occasions where a bank's customer will lose out but have no recourse to a refund. Having carefully considered what happened here, and while I know this won't be the outcome Mr B is hoping for, I don't think HSBC is responsible for A's loss. I'll explain why.

Mr B has clarified that A's complaint isn't about HSBC's prevention of the payment being made. I therefore won't focus on that in detail here. But for the sake of completeness, I wouldn't reasonably have expected HSBC to have taken any additional steps before processing the payment – as I don't think it was unusual enough or that the responses Mr B provided to HSBC's fraud checks indicated a heightened risk of financial harm from fraud that warranted it.

The main issue of contention here is regarding HSBC's actions upon being notified of the fraudulent payment, with Mr B questioning whether they did enough to recover A's funds. While I know Mr B will likely remain dissatisfied, I don't think HSBC could reasonably have done anything more to cover A's funds in these circumstances. This is because the majority of funds sent as part of fraud or a scam are withdrawn swiftly from the receiving bank account. And HSBC weren't made aware of the fraudulent payment until about a week after it had been made. So, there was little prospect of any funds remaining to be recovered.

Further to this, it is also very difficult for funds sent internationally to be recovered. This is because the beneficiary bank isn't required to adhere to UK regulatory obligations. Nevertheless, HSBC have shown that they reached out to the beneficiary bank to request a return of the funds, which is all they could do in these circumstances. Ultimately, HSBC was reliant on the cooperation of the beneficiary bank. And, unfortunately, the beneficiary bank confirmed that their customer declined a debit authority request. I realise that it is

unsurprising that the fraudster would reject such a request, but the removal of any funds from the account wasn't within HSBC's control. Nor did HSBC have any responsibility relating to the receiving account from a fraud or money laundering perspective (as that lay with the beneficiary bank) – and I haven't seen anything to show they'd been previously put on notice or made aware the account was being used for fraud purposes.

I realise Mr B will think a bank like HSBC, given their size, should be capable of doing more in this situation. I understand his views in this respect, and I sympathise greatly given the loss A has incurred. But for the reasons I've explained, I don't think HSBC could reasonably have done anything more to recover A's losses in these circumstances.

Mr B has also raised concerns about the poor service he received when trying to report the fraud to HSBC. I appreciate this would've been very frustrating – as I understand he had to call HSBC on several occasions, he was transferred to various different departments, felt like there was a lack of support and was even cut off at times. I understand Mr B found this process exhausting and that, consequently, he lost confidence in HSBC. Although I consider HSBC could've handled this matter better, I must bear in mind that the main perpetrator for what happened here is the fraudster. And there is naturally going to be some trouble and inconvenience experienced as a consequence of raising such a matter. Although HSBC could've minimised the impact of this, and likely better managed Mr B's expectations in respect of the recovery of funds, this doesn't mean HSBC is responsible for A's loss. And I don't think compensation is warranted in these circumstances.

I know Mr B will be disappointed by the decision I've reached. I understand A is the innocent victim of a scam and is bearing the full weight of the loss. I'm not placing any blame on Mr B for what happened – as he reported the fraud as soon as he became aware. But for the reasons I've explained, I don't think HSBC have to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 9 April 2026.

Daniel O'Dell  
**Ombudsman**