

The complaint

X complains that HSBC UK Bank Plc ('HSBC') won't refund the money he lost as the result of a scam.

What happened

On 13 February 2025, X was the victim of an HMRC scam. He was told that he owed taxes and that a warrant for his arrest had been issued. X was threatened with imminent arrest and deportation if he didn't immediately pay a fine.

As a result, X transferred £2,995 from his HSBC account to an account he held with an EMI – that I'll refer to as R. This was transferred using his debit card in a payment of £995 and a payment of £2,000. X then made two card payments from his account with R to an account controlled by the scammer. These were made for the amounts of £496 and £499.

A transfer of £2,001.25 was made from X's account with R to his account with HSBC.

X contacted HSBC the same day (13 February 2025) to let them know he'd been the victim of a scam and asked if the payments could be stopped. HSBC said the payments were pending and they would reverse the payments.

On 14 February 2025, X contacted HSBC as the payments to R had been debited from his account. HSBC advised that although they had reversed the payments, R was still able to withdraw the funds as he had authorised them when they were made – and this was outside of HSBC's control. HSBC said they would raise a chargeback claim, which was done on 14 February 2025.

On 15 February 2025, X contacted HSBC to get an update on his claim. He was told that the disputes team weren't available as it was Saturday and he should call back on Monday.

X called HSBC back on 17 February 2025. HSBC confirmed that a dispute had been raised and that they would try and resolve it as quickly as possible, but the merchant (R) had up to 45 days to respond. They also told X they would apply a temporary credit to his account for the value of the transactions, while they investigated his claim. But the credit may be taken back on the conclusion of their investigation.

On 18 February 2025, HSBC contacted X and asked for documentation to support his claim.

HSBC's record show that the documentation was received on 20 February 2025.

X called HSBC on 28 February 2025, asking for an update on his claim. His first call was accidentally ended. When he called back HSBC apologised and said they tried calling him back. HSBC asked X for additional information on what happened when the scammers contacted him. X asked for an update on his claim, saying it had been two weeks and that he didn't understand how the reversed transactions debited his account. HSBC apologised and offered to raise a complaint in relation to his dissatisfaction with their customer service. They

said they would ask the fraud team to provide an update, but it could take 10 to 15 days or up to 35 days depending on the complexity of the investigation.

On 23 March 2025 X contacted HSBC asking for an update on his claim and was told it could take 60 days from the date he first raised the claim for them to reach an answer.

On 26 March 2025, HSBC issued a letter to X letting him know they wouldn't be reimbursing him for the disputed transactions. There was a further letter sent on 3 April 2025, reiterating that X wouldn't be reimbursed.

On 11 June 2025 X called HSBC and asked for an update. On the same day, HSBC issued a letter saying, as X authorised the payments, there were no claim rights under the chargeback scheme. So, X wouldn't be refunded.

On 13 June 2025, X raised his dissatisfaction with the outcome on his claim, and a complaint was raised by HSBC.

On 17 June 2025, HSBC sent an acknowledgement to X, confirming that his complaint had been raised.

On 26 June 2025, HSBC sent a final response letter saying they wouldn't be refunding X. X wasn't happy with HSBC's response, so he brought a complaint to our service. As part of the complaint, he asked that he be refunded for the two payments that he made totalling £2,995 and paid compensation for the poor service he received from HSBC. X said that the delay in HSBC providing an answer caused him significant financial hardship and mental distress.

An investigator looked into X's complaint but didn't uphold it. They explained that £2,001.25 was returned to X's HSBC account from his account with R, so his outstanding loss was only £993.75. The investigator explained that chargeback wasn't available as the funds went to X's own account and the Faster Payment Services Reimbursement Rules don't apply as it doesn't cover card payments. The investigator didn't feel HSBC should've intervened when the payments were made, so they weren't liable for X's loss. The investigator considered the customer service provided by HSBC but didn't feel that compensation was due.

X disagreed with the investigator's opinion and raised the following points:

- The investigator incorrectly applied the temporary credit that HSBC paid while they investigated his complaint in offsetting his loss. His actual loss is £2,995.
- The card payments he made were highly unusual and high-risk with multiple red flags that HSBC should've picked up.
- HSBC had a duty of care and failed to protect him as a vulnerable customer.
- HSBC did not provide effective scam warnings, pause or challenge the transactions, attempt real-time intervention or identify coercion or impersonation risk.
- While the investigator's timeline of events is correct, they haven't considered the distress caused by HSBC's delays. HSBC gave him no meaningful support or guidance, and the process prolonged his financial and mental distress. Also, HSBC didn't give him an answer within four weeks as per industry guidelines.
- HSBC providing a temporary credit demonstrates that they treated it as a scam rather than a routine transfer between his accounts.

Having reviewed the case, I reached a different answer than the investigator. So, I issued a provisional decision explaining why and giving both parties a chance to respond before a final decision was issued.

My provisional decision

In my provisional decision “What I’ve provisionally decided – and why” section I said:

I’m sorry that X was the victim of a very cruel scam and that he has suffered a financial loss which has had a significant impact on him. Unfortunately, being the victim of a scam doesn’t necessarily mean that he is entitled to a refund.

Having reviewed his statements from R and HSBC, I can see that £2,001.25 was transferred from his account with R to his HSBC account. Also, the statement on his account with R shows only two payments made to the scammers, which total £995. Based on the evidence I’m satisfied that X’s outstanding loss is £995 as £2,001.25 wasn’t lost to the scammers – it was returned to his HSBC account.

However, even if his loss was the full £2,995, it wouldn’t change the outcome on his complaint. I’ll explain why.

Are HSBC liable for X’s loss?

In broad terms, the starting position at law is that HSBC are expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer’s account. Here it’s not disputed that X authorised these payments, although he did so not realising he was the victim of a scam. But that authorisation means the starting point is that HSBC aren’t liable for his loss.

In this case, X didn’t have a valid chargeback claim reason. Chargeback doesn’t look at the ultimate destination of the funds, which was an account controlled by the scammer. It only looks at whether the merchant provided the goods/services provided. In this R is the merchant, and the goods/services is the transfer of funds from X’s HSBC account to his account with R. So, X’s funds couldn’t be recovered under a chargeback claim.

There are situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn’t have taken their customer’s authorisation instruction at ‘face value’ – or should have looked at the wider circumstances surrounding the transaction before making the payment.

HSBC also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer’s accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm. I appreciate that X was vulnerable at the time he fell victim to the scam and in making the payments from his account. But, HSBC could only have known that he was vulnerable if they had intervened and called him to discuss the payments. I say this as there wasn’t anything in the transaction details that should’ve identified X as being vulnerable to HSBC.

I realise that this is a lot of money for X, and that he feels HSBC should’ve intervened when the payments were made or they should’ve provided warnings. But I don’t agree.

The payments of £995 and £2,000 weren’t of sufficiently high value that I would’ve expected HSBC to have identified a potential risk of financial harm. HSBC have to find a balance

between identifying potentially concerning payments and intervening, while minimising the disruption to genuine payments. I realise that X made two payments in a short period of time, but I'm not satisfied that two payments is enough of a pattern, taking into account their value, that HSBC should've identified a potential scam risk. As I'm not satisfied that HSBC should've identified the payments as concerning, I wouldn't have expected them to have provided a warning or have intervened. So, I'm satisfied that HSBC acted fairly in following X's payment instructions without intervening.

On that basis, I'm not persuaded that HSBC should've prevented X's loss or that they can fairly be asked to refund him.

The customer service X received from HSBC

X raised a concern with HSBC that the payments to R had been cancelled, but they still debited his account. As HSBC explained, while they cancelled the card payments, R was still able to withdraw the funds as the payments had been authorised by X. I'm satisfied that HSBC took the appropriate steps to try and prevent the money leaving X's account, however they couldn't stop R from claiming the funds. So, I can't fairly say they did anything wrong.

I can see that HSBC raised X's scam claim promptly (on 14 February 2025) and that they provided a timeframe of up to 45 days for an answer to be given. HSBC explained that this was because they were awaiting a response from R. HSBC first provided X with an answer on his claim on 26 March 2025. This was 40 days after X had raised his fraud claim.

While they investigated the claim, HSBC provided a temporary credit to X's account, which was removed when they completed their investigation – as they weren't upholding X's claim. This was reasonable as HSBC weren't satisfied that X was entitled to a refund. So, they acted fairly in taking the funds back out of X's account.

I can understand the frustration that X experienced due to not knowing what was happening, but I can see that HSBC did provide timeframes to help manage his expectations, and he was given an answer within 45 days of raising his claim.

But X did receive some conflicting information about when he would receive his answer. For example, on 21 March, he was told it could take 60 days, when he'd previously been told 45 days.

During the call with HSBC on 21 March, X raised a concern that he was being asked to provide information he'd already submitted. HSBC went through the information requested and confirmed that X had provided the information and said the notes on the case would be updated. But it's clear that X was being chased for information that was already on file.

Overall, I'm satisfied that HSBC could've provided a better level of customer service to X. The timeframes for when he could expect an answer weren't consistent which added to X's distress, and he was clearly asked to provide information which he had already submitted. But I can't make a compensation award based on the distress caused to X by the scammers and the loss of his funds, only on the impact caused by HSBC where something has gone wrong.

Based on the points I've highlighted, I'm satisfied that it would be fair for HSBC to pay £100 compensation for the poor service X received. I realise that X's loss is well in excess of this figure, however compensation isn't calculated based on the loss he experienced.

I also appreciate that X has suffered financial difficulties, but I'm not satisfied that this is due to any errors on HSBC's part. I say this as HSBC provided a temporary credit while they looked into X's claim, which they only removed once they'd completed their investigation. Also, I can't see that X told HSBC he was in financial difficulties. So, they couldn't sign post him to charities that might've been able to help and couldn't offer any additional internal support they may have had available.

I'm really sorry to disappoint X but I'm not satisfied that HSBC are required to refund the payments he made, but they should pay him £100 compensation.

My provisional decision was that I intended to uphold the complaint and ask HSBC UK Bank Plc to pay X £100 compensation.

Responses to my provisional decision

X responded saying he disagreed with my provisional decision, because we haven't correctly calculated his loss.

HSBC accepted my provisional decision and the recommendation of £100 compensation.

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.

As no new evidence or arguments were provided, I see no reason to reach a different answer than in my provisional decision.

In relation to X's loss, I can confirm:

- the £2,001.25 paid into his HSBC account from his account with R - wasn't taken back out.
- the £2,000 credit which was applied in March by HSBC was a temporary credit in relation to his scam claim. This was taken back out in June 2025 by HSBC.
- X's account with R clearly shows that only £995 was transferred to an account held by the scammer, therefore his outstanding loss as a result of the scam is £995.

In summary

Regardless of whether X's loss is £2,995 or £995, I wouldn't be upholding this complaint. I say this as I'm not satisfied that HSBC should've identified a potential risk of financial harm from fraud when X made his payments, so I wouldn't have expected them to intervene. And I'm not persuaded that I can't fairly hold HSBC liable for X's loss or ask them to refund him.

HSBC should've provided a better level of customer service, and considering the impact on X, I'm satisfied that £100 compensation is fair.

Putting things right

To put things right I require HSBC UK Bank Plc to pay X £100 compensation.

My final decision

My final decision is that I uphold this complaint and require HSBC UK Bank Plc to pay X £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 14 April 2026.

Lisa Lowe
Ombudsman