

The complaint

Mr C complains that HSBC UK Bank Plc (“HSBC”) won’t refund an international payment of £21,600 he lost to an investment scam in October 2019.

The details of this complaint are well known to both parties, so I won’t repeat everything 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 conclusions reached by the investigator and have decided not to uphold it for the following reasons:

- It isn’t in dispute that Mr C authorised the disputed payment he made to the scammer from his HSBC account. The international payment was requested by him using his legitimate security credentials provided by HSBC, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.
- However, I’ve considered whether HSBC should have done more to prevent Mr C from falling victim to the scam, as there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- It’s accepted that the payment Mr C made was considered unusual given that it did trigger the bank’s fraud prevention systems and was automatically blocked pending further enquiry. Accordingly, it’s just a question of whether the bank went far enough in all the circumstances with its intervention.
- Mr C was under the impression that he was investing in forex through a broker. However, when HSBC spoke to him about the payment on 30 October 2019, he misled the bank and said he was paying a builder for work completed on his house. I accept that HSBC could have arguably gone further in its questioning of Mr C. But even if it had, I’m not persuaded it would have likely uncovered the scam as Mr C wouldn’t have given honest answers about what he was doing. Mr C also lied as to the purpose of the loan he took out with HSBC to fund the investment, as he said he was borrowing the money for home improvements, so this would have appeared consistent with the reason he gave for making the payment. Therefore, I don’t consider HSBC can fairly or reasonably be held liable for Mr C’s loss in these circumstances, because even if it had probed further, it seems likely he would have continued to provide false information in order to make the payment.
- HSBC are also under no obligation to refund the money to Mr C under the Contingent Reimbursement Model (CRM Code) either, as the Code only applies to transfers made between GBP-denominated UK-domiciled accounts. In this instance, the payment was

made to an international account, so the CRM Code would not apply.

- I've also considered whether HSBC did enough to try and recover the funds after the fraud was reported. I can see that it contacted the international beneficiary bank and was told that no funds remained. And given the fraud wasn't reported until April 2020, I don't think there would've been any reasonable prospect of it being able to recover the funds if it had acted any sooner.

I appreciate this will likely come as a disappointment to Mr C, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded HSBC can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 December 2023.

Jack Ferris
Ombudsman