

## The complaint

Mrs S complains that HSBC UK Bank Plc (HSBC) wouldn't refund money she lost in a scam.

## What happened

### *What Mrs S says:*

Mrs S was looking for flights for a family holiday and came across a travel website. She contacted the company and chatted on WhatsApp. The travel company presented an invoice and in December 2022, Mrs S paid three amounts as shown. Separately, she said she had paid another amount in November 2022 and also raised a disputed payment for that:

Date	Payment	Amount
15 November 2022	Visa debit card – to Dubai merchant	£553.48
7 December 2022	Visa debit card – to money transfer business	£269.22
7 December 2022	Visa debit card – to money transfer business	£270.00
7 December 2022	Visa debit card – to money transfer business	£259.00
<b>Total</b>		<b>£1,351.70</b>

Mrs S says she was the victim of a scam. She says she didn't receive the flight tickets. And on the payment of £553.48, she said she didn't receive the goods she paid for.

HSBC raised chargeback claims with the card scheme (Visa) and credited Mrs S' account with temporary refunds pending the claims. The chargeback claims failed and the temporary credits were reversed.

### *What HSBC said:*

HSBC said the three chargeback claims (payments two-four) had been submitted to Visa in accordance with the Visa rules for chargebacks. HSBC said that the merchant was a money transfer business and the payments went to Mrs S' 'wallet' with that business. As such, the beneficiary wasn't a travel agency. So – the chargeback claims failed.

The claim for £553.48 failed as the merchant said Mrs S hadn't tried to resolve it directly with the merchant first. And – the card payments had been made and authenticated by Mrs S.

HSBC didn't refund the money.

### *Our investigation so far:*

Mrs S brought her complaint to us. Our investigator didn't uphold it. He said the payments

weren't large enough to expect HSBC to intervene and question them. And HSBC had submitted chargeback claims in line with what they were expected to do – and those failed. That was because the merchants successfully defended the claims.

Mrs S didn't agree and asked that her complaint be escalated to an ombudsman, and so it has come to me to make a 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.

Mrs S says she lost her money in a scam. That said, HSBC opened chargeback claims for all four payments, so I will look at her complaint in two ways:

- *HSBC's chargeback claims*: did HSBC deal with those reasonably and in line with procedures?
- *Scam complaint*: should HSBC have intervened in the payments and stopped them and asked questions of Mrs S?

#### *Chargeback claims:*

I can see that HSBC placed temporary credits to Mrs S' account for all four payments and opened chargeback claims with Visa. It's important to note that the chargeback scheme is a voluntary one – it doesn't guarantee a successful refund. I can see that in each case, the merchant defended the claim in accordance with the Visa scheme rules. And so the claims failed. I'm satisfied that HSBC followed the chargeback scheme rules and processes properly.

#### *Scam claim:*

I've then gone on to consider Mrs S' main complaint that she's brought to us - that she was scammed out of her money.

I'm sorry to hear that Mrs S has lost money in a scam. It's not in question that she authorised and consented to the payments in this case. So although Mrs S didn't intend for the money to go to a scammer, she is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider HSBC should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.

- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether HSBC acted fairly and reasonably in its dealings with Mrs S when she made the payments, or whether it should have done more than it did. I have considered the position carefully. I need to decide if HSBC should've reasonably intervened in the payments, stopped them, and contacted Mrs S about them.

And while I accept this was a lot of money to Mrs S, the payments in question were in fact low value ones. There was also nothing else about the payments that ought reasonably to have concerned HSBC. There's a balance to be struck: HSBC has obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. In this case, I think HSBC acted reasonably in processing the payments.

Therefore, I don't consider that HSBC can be held responsible for Mrs S' losses.

Mrs S has lost a lot of money. She's explained why the money was important to her, and the impact her losses have had. I was sorry to learn of her circumstances. She will therefore be disappointed by my decision, but I'm not going to ask HSBC to do anything here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 31 October 2023.

Martin Lord  
**Ombudsman**