

The complaint

Mr D complains HSBC UK Bank Plc won't reimburse £5,000 he lost when he fell victim to an investment trading scam. He was led to believe he was investing in and trading with Bitcoin. This payment was a final payment to pay for close out costs to enable a withdrawal of funds (Mr D had already invested £25,750 from his credit card account prior to this).

Our investigator upheld the complaint. She was satisfied HSBC ought to have intervened in Mr D's credit card spending, and had it done so, this payment would never have been made. She asked it to reimburse the transaction less £2,000 which Mr D had received back from the merchant.

Mr D accepted the outcome, but HSBC did not. It didn't think if it had intervened in the credit card spending that he would have heeded any warning. It also felt that any compensation should be reduce by 50% as Mr D doesn't appear to have carried out any due diligence and so has contributed to his losses. Further it argues that paying £5,000 for close out costs is an implausible reason.

Mr D also complains about losses suffered from a HSBC credit card account to the same scam. That matter has been decided separately by me. As both cases involve the same scam, neither party should be surprised by any similarities in my decisions.

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.

Although I have only briefly summarised the background and arguments above, I have read and considered what's been provided. Having done so, I agree with the investigator's findings for the following reasons:

- Mr D saw an advert on television to trade with Expert Trader, which was endorsed by a well-known consumer champion. He was sent a link and told to trade in Bitcoin. Mr D looked at their website and was persuaded Expert Trader were genuine.
- Mr D authorised this transaction, even if he was tricked into doing so. And whilst he didn't intend for his money to go to scammers, he is initially presumed liable for the loss. There also doesn't appear to be any dispute he has been scammed. The consumer champion has come out publicly to say he doesn't endorse these types of merchants. And there are a lot of people reporting similar tactics to those Mr D experienced, on forums, and who also lost money.
- HSBC is aware of our approach of expecting it to have been monitoring accounts to counter various risks, have systems in place to identify unusual transactions or other indicators that its customers were at risk of fraud; and in some situations, make additional checks before processing payments or declined them altogether to protect customers from possible financial harm from fraud or scams.
- I have already decided in Mr D's other case that HSBC ought to have intervened when he made his fourth payment from his credit card account. That occurred in March 2020. And I have decided that an intervention from HSBC would have likely

unravelling the scam and stopped Mr D from incurring any further losses – that is, I was satisfied he would have heeded a warning from his trusted bank and stopped trading.

- This £5,000 payment was requested by the trader to cover close out costs when Mr D decided he wanted to withdraw his investment. That payment was made in August 2020. It follows that had HSBC taken the action I have found it should have in March 2020, that Mr D would never have made the payment subject to this complaint – there is a direct link between those events.
- I've thought carefully about whether Mr D bears some responsibility for his losses, as HSBC has argued. This is particularly important given it doesn't appear Mr D did much, if any, independent research into the merchant. However, having conducted my own research, aside from a handful of comments on a forum about people's dealings with this business, there was very little from the time to indicate it was operating a scam. So I'm not persuaded Mr D's lack of due diligence has led to his losses.
- HSBC has also argued that paying £5,000 for close out costs is implausible, but it hasn't explained why. Mr D believed he was trading in Bitcoin. And being told there is a cost to withdraw is a typical feature of these scams. Whilst those with industry knowledge might know such requests should be viewed with caution or even disbelief, I'm not persuaded the same could be said of the layperson. HSBC hasn't demonstrated that Mr D had a level of knowledge of investments or trading such that he ought to have known such a request was 'implausible'. I therefore don't find this argument persuasive.
- Mr D did receive £2,000 back from his overall investment (including the credit card payments) and that was received into this account. I therefore find it fair to deduct this sum from the refund I'm going to ask HSBC to make.

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require HSBC UK Bank Plc to:

- Reimburse Mr D £3,000; and
- Add 8% simple interest to that sum from the date of the payment to the date of settlement, less any lawfully deductible tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 11 January 2023.

Claire Hopkins

Ombudsman