

## The complaint

Mr E has complained that HSBC UK Bank Plc (HSBC) has refused to refund him the money he lost at a result of a scam.

Mr E is being represented by a third party. To keep things simple, I will refer to Mr E throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr E saw an advertisement for Trade Time (X) while on a social media platform. It showed X to be a trading platform specialising in cryptocurrency.

Mr E completed his contact information in a data capture form and was contacted by X who explained the investment and gained Mr E's trust by telling him X was regulated and based in London.

Mr E has told us that at first his investments with E showed a profit but when he requested a withdrawal his request was denied and his account balance with X reduced to zero and he realised he had fallen victim to a scam.

Mr E made the following payments in relation to the scam:

Date	Payee	Amount	Payment Method
30 May 2019	Trade Time	£3,964.70 (plus £109.02 fee)	Debit Card
5 June 2019	Trade Time	£2,768.70 (plus £76.13 fee)	Debit Card
5 June 2019	Trade Time	£1,977.64 (plus £54.38 fee)	Debit Card
7 June 2019	Trade Time	£2,131.47 (plus £58.61 fee)	Debit Card
7 June 2019	Trade Time	£3,947.17 (plus £108.54 fee)	Debit Card
7 June 2019	Trade Time	£3,947.17 (plus £108.54 fee)	Debit Card

Mr E has not been able to recover any of the payments he sent in relation to the scam.

Our Investigator considered Mr E's complaint but didn't think it should be upheld. Mr E disagreed so this complaint has been passed to me to decide.

## 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.

It has not been disputed that Mr E has fallen victim to a cruel scam. The evidence provided by both Mr E and HSBC sets out what happened. What is in dispute is whether HSBC should refund the money Mr E lost due to the scam.

### *Recovering the payments Mr E made*

Mr E made payments into the scam via his debit card. When payments are made by debit card the only option available to HSBC to recover the payments is to request a chargeback.

HSBC was unable to process a chargeback for the payments Mr E made in relation to this scam.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mr E made his complaint to HSBC about the scam outside of the time limits allowed to make a chargeback. I am therefore satisfied HSBC was unable to recover the payments Mr E sent.

### *Should HSBC have prevented the payments Mr E made?*

Mr E has accepted he authorised the payments he made from his HSBC account albeit on the scammer's instruction, so the starting point here is that Mr E is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether HSBC should have stepped in when Mr E was attempting to make the payments, and if it had, would it have been able to prevent the scam taking place.

Mr E was making payments to a new payee, X. But at the time X did not have any warnings published about it on the regulator's website, so I don't think the payee's name itself would have triggered HSBC's fraud prevention systems.

On occasion Mr E also made multiple payments on the same day to X totalling a significant value. However, in Mr E's case I don't think HSBC's fraud prevention systems would have been triggered by these payments as being unusual for him. I say this because the payments were not unusual compared with the way Mr E usually operated his account. In the time leading up to the payments Mr E had sent several large payments to other new payees and often made multiple payments in the same day to high-risk payees such as gambling websites.

Considering the way Mr E usually operated his account I don't think it was unreasonable that the payments Mr E made to X did not trigger HSBC's fraud prevention systems. So, I don't think HSBC missed an opportunity to prevent the scam from taking place and it is not responsible for Mr E's loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 25 August 2023.

Terry Woodham  
**Ombudsman**