

The complaint

Mr V is unhappy that HSBC UK Bank Plc (“HSBC”) won’t refund money he lost as a result of a scam.

What happened

A long term friend of Mr V recommended that he use a trading company (that I’ll call B). His friend appeared to be doing very well from the investment and claimed he had made lots of profit and had already been able to withdraw from his ‘investment’.

Mr V was introduced to a representative of B. The representative appeared to Mr V to be very credible.

Mr V agreed to invest and made the following transactions to a crypto exchange.

Transaction	Date	Amount	Type of Payment
1	14 February 2022	£2,000	Transfer
2	30 March 2022	£5,000	Transfer
3	3 May 2022	£5,000	Transfer
4	3 May 2022	£3,300	Transfer
5	27 May 2022	£10,000	Transfer
6	20 June 2022	£25,000	Transfer
7	26 July 2022	£21,000	Transfer

Mr V then purchased crypto and forwarded this on to B. Mr V discovered he had been scammed when he read an article about B in a newspaper.

Mr V reported the matter to HSBC as Mr V believes HSBC didn’t do enough to protect him. HSBC didn’t think it had made an error, so declined his claim. Mr V referred the matter to our service and one of our Investigators thought that HSBC should have questioned the payments, given their unusual nature. That said though, she did not think an intervention would have changed Mr V’s decision to carry on with the transactions - given the circumstances that led to Mr V investing in the first place.

Mr V, didn’t agree. As no agreement could be reached, the case was passed to me for 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

It isn't in dispute that Mr V authorised the disputed payments he made from his HSBC account. The payments were requested by him using his legitimate security credentials provided by HSBC. And the starting position is that HSBC 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 V from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

In relation to the first five payments, whilst they were to a new beneficiary that was linked with crypto, I don't think they were individually large enough to have prompted an intervention, given Mr V's usual account history. They were also sufficiently spaced out that they didn't form a pattern of behaviour that may be indicative of a scam.

That said, I can see that Mr V was provided with a very general warning for the first two payments. This warning set out that he should check that the company that Mr V was dealing with was on the FCA register and, if not, to seek independent financial advice. Given Mr V's account history I think that this was a sufficiently proportional intervention.

When payment 6 was made I think that HSBC needed to go further and should've asked Mr V questions about the payments, to find out what the payments related to. HSBC did not do this. But that does not mean that HSBC is required to refund the payments in question. I say this because I need to consider what is most likely to have happened if HSBC had asked questions about the payment.

Had HSBC asked questions about the payment they would have discovered that B was making the payments to purchase cryptocurrency in order to make an investment on the recommendation of a long-term friend. I think it's likely that Mr V would've assured HSBC that the same person who'd recommend he do this, had made a profit and had already been able to withdraw funds - without experiencing any problems and Mr V had seen evidence of this. Also, HSBC would have found out that Mr V had been already been sending funds to B for two months, apparently without any issue.

So in the circumstances, had HSBC asked more probing questions, I think it's likely that Mr V would've been able to explain what the payments were for and assured HSBC that people he trusted had done the same and so he had no concerns about the payment. So I think it's likely that Mr V would've insisted that the payments should be allowed to go through.

Furthermore, had HSBC warned Mr V that the payments he was making could be part of a scam, I'm not persuaded that Mr V would have been dissuaded from going ahead with the transactions. Mr V had already been given a very general warning when he made the first two payments saying this could be a scam and this did not dissuade Mr V. Mr V had been recommended the investment by a long-term friend. The friend said that he had made and withdrawn "profits". He's also said he found the fraudster credible and persuasive and that he had done his own research into B. And finally, there were no official warnings available online about B at the time either. So overall, even if things had gone as they should've with HSBC, I think Mr V would've likely still incurred the loss that he unfortunately experienced.

I have thought about whether HSBC could have recovered the funds when the fraud was reported. But I don't think it could've. This is because firstly, the Contingent Reimbursement Model "CRM" does not apply as the payments were made to an account held by Mr V rather than to a third party. I also don't think that HSBC could have recovered the funds from the crypto exchange itself, as the funds had already been forwarded on to B by Mr V. So I don't think that the funds could have been recovered by HSBC.

It therefore follows that I can't reasonably tell HSBC to refund any money to Mr V.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 24 April 2025.

Charlie Newton
Ombudsman