

## The complaint

Mr M complains about HSBC UK Bank Plc.

He says that HSBC didn't do enough to protect him when he became the victim of a scam and would like it to refund him the money he has lost.

## What happened

Mr M says that he was tricked into making payments to a cryptocurrency investment app – 'R', as he had been told that he had won a prize and needed to make payments for tax purposes to obtain it.

He says that HSBC didn't do enough to protect him from the scam, and that it should have intervened when he was making payments – and that it should have blocked further payments after he told it he suspected he was being scammed.

Mr M made the following payments.

Payment	Date	Payee	Amount
1	26/02/2023	R	£55
2	14/03/2023	R	£1,003.98
3	14/03/2023	R	£1,400
4	15/03/2023	R	£1,040
5	15/03/2023	R	£52.04
6	16/03/2023	R	£500
7	16/03/2023	R	£995
8	17/03/2023	R	£625
9	24/03/2023	R	£2,450
10	24/03/2023	R	£50
11	29/03/2023	R	£1,660
		<b>Total</b>	<b>£9,831.02</b>

Mr M then made a complaint to HSBC about what had happened, but it didn't uphold his complaint, so he brought it to this Service.

Our Investigator looked into things but didn't uphold Mr M's complaint. They said that while they were sorry Mr M had been scammed, they didn't think that HSBC had done anything wrong.

Mr M asked for an Ombudsman to make a final decision, so the complaint has been passed to me.

## 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've decided not to uphold this complaint, for broadly the same reasons as our Investigator. I know this will be disappointing for Mr M, so I'll explain why.

In broad terms, the starting position at law is that banks and other payment service providers (PSP's) are 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's fair and reasonable in this case.

Mr M authorised the payments in question here – so even though he was tricked into doing so and didn't intend for the money to end up in the hands of a scammer, he is presumed liable in the first instance.

But this isn't the end of the story. As a matter of good industry practice, HSBC should also have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: banks had (and have) obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't reasonably be involved in every transaction.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having 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 made 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.
- Have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, I need to decide whether HSBC acted fairly and reasonably in its dealings with Mr M when he authorised payments from his account or whether it could and should have done more before processing them.

Having considered the payments Mr M made, I don't think that any of the payments were sufficiently large or unusual enough for HSBC to have had any concerns that Mr M may have been falling victim to a scam – while I understand the total loss to Mr M may be significant to him, businesses can't be involved in every transaction, and need to balance fraud prevention while processing transactions for all of its customers in a timely manner. And while the payments were going to a crypto provider, this doesn't necessarily mean that they were part of a scam.

I understand that Mr M told HSBC that he had been the victim of a scam on 18 March 2023 – and that he hadn't got what he had been promised. He explained to it that he 'was out' and wasn't going to send any more money. His card was subsequently cancelled.

However, Mr M then continued to make further payments to the scammer. I don't know why Mr M continued to do so, after it was clear that he had been scammed, but I don't think that HSBC is at fault for this either. I know that Mr M says that HSBC should have blocked further payments to R – but I don't agree. R is a legitimate business (albeit one that has been used by a scammer to facilitate a scam), and unless HSBC was asked to block further payments, I don't think it would need to do so automatically. I also don't think that HSBC would have anticipated that Mr M would continue to make payments towards a scam that he himself reported, and confirmed he wasn't going to make any further payments.

I have also considered if HSBC could have done anything to recover Mr M's money – but I don't think there was anything it could have done to do so – as I have explained above, R is a legitimate crypto exchange, and provided the service requested of it – which was the purchase of cryptocurrency. Mr M was tricked into parting with this to the scammer – but this doesn't mean that the service wasn't provided to him.

I am very sorry that Mr M has been tricked by a scammer and has lost money as a result – but I think it is important to remember that HSBC is not the cause of Mr M's loss – it is the scammer. And as I don't think it could reasonably have prevented this, I can't ask it to refund him.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 March 2025.

Claire Pugh  
**Ombudsman**