

## **The complaint**

Ms B complains that HSBC UK Bank Plc (“HSBC”) won’t refund money she lost when she fell victim to a scam.

## **What happened**

The details of this complaint are well known to the parties. So, I’ll only provide an overview and focus on giving my reasons for my decision.

The complaint concerns several transactions which Ms B made from her HSBC account between June and August 2023. She had fallen victim to a cryptocurrency investment scam in 2022 and made the disputed transactions in 2023 after a company, “C”, approached and offered to help recover her lost funds. It was explained to Ms B that the money she’d previously invested had been frozen by regulatory bodies and could be withdrawn on provision of evidence of liquidity of funds.

Majority of the funds Ms B sent from her HSBC account were to another financial business “T”, which offers cryptocurrency amongst other services, before sending it on to external wallets as instructed by C. In between payments to T, Ms B also sent money to her account with another financial business “R”, before sending it on to purchase cryptocurrency.

The payments made to recover the money were partially funded through loans from third-party lenders as well as a friend. Ms B discovered she’d been scammed when attempts to recover her lost funds didn’t materialise and she kept being asked to make further payments.

This decision only relates to Ms B’s complaint about the payments made from her HSBC account. Her complaint about R has been considered separately by our service.

## **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 taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, HSBC ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

HSBC did intervene on multiple occasions, with the earliest enquiry being made on 9 June when Ms B made the initial payment. I’ve listened to call recordings between Ms B and the bank; majority of these were for payments sent to T. It is my understanding that the call recordings have since been made available to Ms B.

As payments to T weren’t identifiably cryptocurrency related, HSBC couldn’t reasonably have known they could be linked to a cryptocurrency specific scam. The bank was therefore reliant on Ms B responding to its enquiries truthfully.

Having listened to the calls, in my view, for the flagged payments to T, HSBC did ask sufficiently probing questions – including the reasons why Ms B was making them. But each time she said she was transferring funds to her online account for her personal use. In one of the calls, Ms B even told the bank that her account with T was better to use for transactions abroad, and that it had some other benefits.

On each of these calls, Ms B reassured the agents that no one else was involved and she hadn't been contacted by anyone or asked to make the payments. Each agent warned her that scammers often coach customers not to tell their bank about the actual payment purpose. But Ms B confirmed that she was doing everything on her own and wasn't in communication with anyone else while making the flagged payments.

Given this, I don't think HSBC could reasonably have known that Ms B was falling victim to a scam when it discussed the payments that she sent to her own account elsewhere.

The last few payments that Ms B made from her HSBC account went directly to a cryptocurrency platform. As such, the bank should have had more information about the likely purpose. It did initially block most of these payments, but I don't think the intervention was sufficient. While I think the bank should have done more at the time of these payments, for me to uphold this complaint I also need to be satisfied, on the balance of probabilities, that such an intervention would have unravelled the scam and caused Ms B to stop from going ahead.

Had HSBC probed further, I'm not persuaded that Ms B would have been honest about the true purpose for purchasing cryptocurrency. This is because I've carefully reviewed the written correspondence Ms B exchanged with the scammer around the relevant time, and I can see that she was being coached heavily on what to say and, more importantly, what not to say if questioned about the payments. Ms B followed these instructions implicitly.

The chat messages show several payments were stopped by HSBC and T. Ms B was told not to divulge that she was being assisted by someone in making the transactions. She was also told how to answer a questionnaire from T, who she was purchasing cryptocurrency from. Ms B was told to say that she was investing following a friend's recommendation. And that she was experienced and had full understanding of the risks involved.

When a later transaction was stopped by T, Ms B asked the scammer if she could tell the business about them, i.e., C, and why she wanted the funds. But she was instructed not to mention anyone and to reassure T that she was transferring money to her own wallet. Ms B was also instructed to delete the remote access software if she was going to discuss the transaction with T over a call.

So, had HSBC asked Ms B about the nature of these cryptocurrency transactions, on balance, I think it's likely that she would have answered in the same way as she did when T intervened.

Having carefully considered the contemporaneous evidence available to me, I'm not persuaded that any additional questioning by HSBC would have prevented Ms B from going ahead. This is not a finding I've made lightly. I can see from the chat correspondence that she had some misgivings about C at times. Yet she continued once the scammer allayed those concerns. Even after her friend, who she'd borrowed large sums of money from, told her this appeared to be a scam, Ms B carried on with the payments.

Thinking next about recovery of payments, given Ms B legitimately bought cryptocurrency using the funds she'd transferred out of her HSBC account, it's unlikely recovery would have been successful.

In conclusion, I'm sorry that Ms B fell victim to such a cruel scam, having already been scammed previously. I acknowledge that this incident has had a significant impact on her circumstances. But I have to consider whether HSBC could have prevented the scam from happening. I'm not persuaded that any failure on the bank's part – the failure to intervene appropriately when the payments to cryptocurrency platform were made – is the proximate cause for her loss.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 17 March 2025.

Gagandeep Singh  
**Ombudsman**