

The complaint

Mr C complains that HSBC UK Bank Plc (HSBC) is refusing to refund him the amount he lost as the result of a scam.

Mr C is being represented by a third party. To keep things simple, I will refer to Mr C 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 C was attempting to create a cryptocurrency token when he came across a company I will call "A" via social media that could help. Having spoken to A on several occasions he started to make payments towards what he thought was the creation of the token. However, having received Mr C's payments, A continued to ask for further funds giving reasons such as fees and marketing. Mr C then realised he had been dealing with a clone of a genuine company and stopped making payments.

Mr C still wanted to create his own cryptocurrency token so in the following month, when he was contacted by another company I will call "B", that said it could help with marketing, social media and consultation he was happy to part with further funds.

Mr C later noticed a spoof email and found he had been scammed a second time. Mr C made the following payments in relation to the scams from his HSBC account:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	21 March 2023	Mr C	Transfer	£8,375.00
2	9 April 2023	Mr C	Transfer	£5,650.00
3	10 April 2023	Mr C	Transfer	£3,300.00
4	14 April 2023	Mr C	Transfer	£2,751.50

Our Investigator considered Mr C's complaint and didn't think it should be upheld. Mr C 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.

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Mr C has set out in detail what happened to lead to his loss. What is in dispute is whether HSBC should refund the money Mr C lost.

Recovering the payments Mr C made

The payments Mr C has disputed were made to an account in his own name held with a different account provider. If any funds remained in that account, they would remain within Mr C's control.

With this in mind, I don't think HSBC had any reasonable options available to it to recover the payments Mr C has disputed.

Should HSBC have reasonably prevented the payments Mr C made?

It has been accepted that Mr C authorised the payments that were made from his account with HSBC, albeit on A and B's instruction. So, the starting point here is that Mr C 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 been aware of the scam and intervened when the payments were made. And if it had intervened, would it have been able to prevent the scam taking place.

Having considered the payments Mr C has disputed I don't think it was unreasonable that HSBC did not intervene when they were made. I say this because although some of the payments were for a high value, the account Mr C was making payments to was in his own name so came with a perceived lower risk. In addition to this Mr C had previously made payments to the account multiple times over the previous months, and by this time he made the disputed payments it was an established beneficiary on his HSBC account.

Even if I was to say that HSBC should have intervened and discussed the payments with Mr C I am not convinced it would have made a difference.

Mr C was not investing in cryptocurrency in the standard way and the scam he was experiencing did not have aspects common to other scams. So, I would have at most expected HSBC to encourage Mr C to research A and B before making substantial payments.

Mr C already trusted A and B enough to make large payments to them and had he taken HSBC's advice and researched both further he would not have found anything to support the fact that he was being scammed, so I think it's most likely he would have continued with the payments.

With the above in mind, I don't think HSBC missed an opportunity to prevent Mr C's loss, and it is not required to refund the payments he made.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 13 June 2025.

Terry Woodham
Ombudsman