

The complaint

Mr V complains about HSBC UK Bank Plc not refunding several payments he made and lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Mr V complains that from September 2023 he sent several payments to what he thought was a legitimate investment.

Payment 1	16 September 2023	£109.72
Payment 2	21 September 2023	£25
Payment 3	29 September 2023	£120
Payment 4	02 October 2023	£80
Payment 5	04 October 2023	£120
Payment 6	12 October 2023	£17
Payment 7	13 October 2023	£30
Payment 8	16 October 2023	£91
Payment 9	17 October 2023	£100
Payment 10	17 October 2023	£1,000
Payment 11	18 October 2023	£46
Payment 13	24 October 2023	£90
Payment 14	29 October 2023	£50
Payment 15	30 October 2023	£1,000
Payment 16	31 October 2023	£50
Payment 17	31 October 2023	£100
Payment 18	01 November 2023	£100
Payment 19	01 November 2023	£1,500
Payment 20	01 November 2023	£2,000
Payment 21	02 November 2023	£500
Payment 22	04 November 2023	£15
Payment 23	05 November 2023	£1,500
Payment 24	10 November 2023	£50
Payment 25	17 November 2023	£24.25
Payment 26	17 November 2023	£40
Payment 27	17 November 2023	£100
Payment 28	18 November 2023	£220

Payment 29	20 November 2023	£1,368
Payment 30	21 November 2023	£104
Payment 31	21 November 2023	£377.48
		£10,927.45

Although the amounts said to have been sent to the scammer differ between what Mr V has said and what HSBC have said, I've taken the amounts I can see have been paid from Mr V's statements. It's worth noting that the difference in amounts doesn't impact the outcome of the complaint I've reached.

Mr V says he was invited to join an online investment platform by a friend based largely on cryptocurrency. Mr V says he was part of some chat forums with other investors, and he would see members sharing their successes and withdrawing profits. When Mr V was unable to withdraw his profits, he realised he'd been scammed. So, he raised a complaint with HSBC.

HSBC looked into the complaint but didn't uphold it, so Mr V brought his complaint to our service.

Our investigator looked into the complaint but didn't uphold it. Our investigator didn't think on balance HSBC could've prevented the losses. She found Mr V was presented with some warnings by another bank Mr V sent money from but even if they had been more specific to the scam Mr V was falling victim to, she thought on balance he would've still made the payments. She went on to say that had HSBC presented Mr V with warnings, she still thinks he would have made the payments he did.

As Mr V didn't agree with the investigator's view, the 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the significant part here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Where the evidence is incomplete, inconclusive, or contradictory, I must make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

In line with the Payment Services Regulations (PSR) 2017, consumers are generally liable for payments they authorise. HSBC is expected to process authorised payment instructions without undue delay. As a bank, it also has long-standing obligations to help protect customers from financial harm from fraud and scams. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a bank to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate

payments.

Although the first 19 payments were to a cryptocurrency exchange that doesn't automatically mean they should be treated as suspicious; particularly when there are no other concerning factors about the payments. I do appreciate that many banks have made the commercial decision to prevent their customers from using their service to send money to cryptocurrency exchanges and am aware that investing in cryptocurrency is a highly risky endeavour. Despite this investing in cryptocurrency is ultimately a legitimate endeavour and certain banks and Electronic Money Institutions (EMI) do permit payments to cryptocurrency exchanges.

I also don't think there was anything about the value or frequency of the 19 payments that would have indicated a heightened risk of financial harm either, as they were of a smaller value, spread out across many days and didn't increase in value each time like we tend to see with scams of this nature. There was nothing that would have indicated to HSBC that Mr V was in the process of being scammed at that time. So, I'm not persuaded there was anything that ought reasonably caused HSBC any concern.

Having said that, payment 20 takes the total value that day to £3,600 and that I think should've raised concerns with HSBC that Mr L might be at risk of financial harm. The payment total was of a higher value and going to a known cryptocurrency provider.

At this point given the amount and the identifiable risk, I'm satisfied that a proportionate warning would've been an automated message asking questions to identify more about the payment purpose. Having considered what impact, I think the warning would've had if Mr V had answered the question accurately, I'm not convinced it would've stopped Mr V from making the payments he did. I'll explain why.

Ultimately, I don't think any intervention by HSBC would have made a difference or prevented the payments. I say this because when Mr V made the payments, he was led to believe he was investing into a legitimate company that had been referred to him by a friend. He was also so confident in what he was investing in, he had gone on to refer others to the platform. Mr V had also seen evidence that his friend had withdrawn his entire investment and was part of a group where others had shown similar profits and withdrawals.

Mr V has supplied lots of information, but from what I can see it's mostly of other people's access to the platform. But it's worth pointing out that from what I have seen, the platform looked professional, and I have no doubt this would've added to Mr V's confidence that he was investing in something legitimate. Mr V also said it wasn't accessible to everyone, but was invite only. So, on balance I think it's most likely Mr V would've moved on from any warning and continued to make payments, as the evidence suggests he was confident in what he was doing.

Recovery

After the debit card payments were made, the only potential avenue for recovery of the payments would have been through the chargeback scheme. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. HSBC is bound by the card scheme provider's chargeback rules. Whilst there is no 'right' to a chargeback, I generally consider it to be good practice that a chargeback be raised if there is a reasonable chance of it succeeding. But a chargeback can only be made within the scheme rules, 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.

In the circumstances of this complaint, I'm satisfied that a claim would've unlikely been successful. Mr V paid legitimate crypto exchanges, and he would have received a service from the crypto exchange. Mr V's disagreement is with the scammer, not the crypto exchange. And so, it would not have been possible for HSBC to process a chargeback claim against the scammer as Mr V did not pay them directly. So, I don't think Mr V had any reasonable prospect of success if HSBC were to have processed chargeback claims against the crypto exchange. So, I can't say that HSBC acted unfairly when it considered Mr V's chargeback claim.

Mr V feels that HSBC should refund the money he lost due to the scam. I understand that this will have been frustrating for him. But I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind I don't think HSBC needs to pay Mr V any compensation. I realise this means Mr V is out of pocket and I'm really sorry he's lost this money. However, for the reasons I've explained, I don't find I can reasonably uphold this complaint.

My final decision

My final decision is that I don't 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 12 June 2025.

Tom Wagstaff
Ombudsman