

The complaint

Mr J complains HSBC UK Bank Plc didn't do enough to protect him when he fell victim to an investment scam.

What happened

Mr J has an account with HSBC. He has an account with another business who I'll refer to as "R" throughout the rest of this decision. Mr J says he opened his account with R during this scam and at the suggestion of the scammer.

Mr J says he saw an advert on social media about investment opportunities which had apparently been endorsed by a well-known figure. He says he was interested in investing – as he wanted to build an extension on his house – so he filled out a form asking someone to contact him. He says someone claiming to be a representative of the investment company in question contacted him and explained what the investment involved. Mr J says the investment company's website appeared to be genuine as did the investment opportunity, so he started off sending £250. He says he made further investments, having seen a return, and that he opened an account with R at the suggestion of the person he was talking to. He was, in fact, speaking to a scammer. The FCA posted a warning relating to the company he was dealing with in February 2023. The investment involved Mr J buying cryptocurrency and that cryptocurrency then being transferred to a trading platform.

On 12 December 2022 Mr J attempted to make a payment of £30,000 that was going to be used to buy cryptocurrency to go towards the scam. R blocked this payment. On the same day Mr J contacted R through its in-app chat to say he wanted to transfer the £30,000 back to his account with HSBC as he believed the person who had asked him to make the transfer was a scammer. Mr J had, at this point, only paid £5,000 towards the scam. The following day Mr J contacted R to say that he'd made a mistake and had since checked the company and everything was fine. He subsequently paid approximately £170,000 towards the scam – between 7 December 2022 and 18 July 2023. He funded those payments from his account with HSBC.

Mr J says he realised he'd been scammed when he tried to withdraw half of his investment and was asked to pay a fee of £19,500. He contacted HSBC and R.

HSBC looked into Mr J's claim and said that as all the payments from his account had gone into an account in his own name – with R – it couldn't help and he should contact R. R didn't agree to refund Mr J saying that it had stopped a number of his payments and provided appropriate warnings but he'd decided to go ahead. R also said that Mr J hadn't given the genuine purpose of the payments when it had checked them – he hadn't said the payments were an "investment" or "cryptocurrency" – meaning he hadn't been given warnings relevant to those things.

Mr J wasn't happy with HSBC's response, or R's. So, he complained to our service.

One of our investigators looked into Mr J's complaint and said that they didn't think HSBC had done anything wrong. HSBC had stopped some of Mr J's payments and asked him what

they were for, and the answers he'd given meant that it couldn't fairly have identified the fact that the payments were being made in relation to a scam. So, they didn't recommend that his complaint be upheld. Mr J's complaint against R wasn't upheld either.

Mr J's representatives didn't agree with our investigator's recommendation in relation to HSBC. They said that HSBC's interventions should have been better and that HSBC should have asked Mr J to come into branch for questioning. Mr J's representatives asked for his complaint to be referred to an ombudsman for a decision. His complaint was passed on to me. So was Mr J's complaint against R – our investigator didn't uphold that complaint either. Mr J's representatives said that Mr J was vulnerable at the time – given his age, given that he's not technically savvy and given that he'd been bereaved shortly before the scam.

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've looked at both of Mr J's complaints and I've issued a provisional decision in relation to his complaint about R as I'm satisfied that Mr J told R early on that he thought he was being scammed and R's response wasn't, in my view, good enough. In that decision I've said that I'm minded to require R to refund Mr J made from the second payment onwards.

Having looked at Mr J's complaint against HSBC, I agree with our investigator that HSBC acted fairly and reasonably and couldn't have been expected to prevent losses in this case in the way that R could have. I say this because I agree that HSBC blocked payments that were concerning and spoke to Mr J to get a better understanding of these payments. Having done so, given the explanations Mr J gave, I don't think it was unfair or unreasonable of HSBC to have allowed the payments to go through. That's because the explanations Mr J gave were enough to satisfy HSBC that he wasn't at risk of a scam, let alone a cryptocurrency investment scam. I agree, therefore, with our investigator that this isn't a complaint that we should uphold.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 29 November 2024.

Nicolas Atkinson
Ombudsman