

## **The complaint**

Mr C is unhappy that HSBC UK Bank Plc trading as first direct ("HSBC") won't refund money he lost as a result of a scam.

## **What happened**

Mr C met a person online who I will call D. Mr C says that he exchanged a number of video calls and messages with her. After some time she mentioned investing. Initially D encouraged Mr C to open an account with a legitimate investment company. Mr C made some profits with this company but eventually he made a loss. D then encouraged Mr C to invest in what seems to be a scam company that I will call B.

Mr C was introduced to a representative of B. The representative appeared to Mr C to be very credible.

Mr C agreed to invest and made three transactions one of £698.94 on 10 February 2023. And two of £25,000 on 27 February 2023 and 10 March 2023. Though it does seem that the first £25,000 payment was returned a few days later. My understanding is that other payments were made to B but these went via other current accounts.

Mr C then purchased crypto and forwarded this on to B. Mr C discovered he had been scammed when he was told that he needed to pay a further £30,000 to withdraw his profits.

Mr C reported the matter to HSBC as Mr C believes HSBC didn't do enough to protect him. HSBC didn't think it had made an error, so declined his claim. Mr C referred the matter to our service and one of our Senior Investigators thought that HSBC should have questioned the payments, given their unusual nature. That said though, she did not think an intervention would have changed Mr C's decision to carry on with the transactions - given the circumstances that led to Mr C investing in the first place.

Mr C, through his representatives, didn't agree. As no agreement could be reached, the case was passed to me for a final decision.

## **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 agree with the conclusions reached by the investigator for the following reasons.

It isn't in dispute that Mr C authorised the disputed payments he made from his HSBC account. The payments were requested by him using his legitimate security credentials provided by HSBC. And the starting position is that HSBC ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether HSBC should have done more to prevent Mr C from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.

When the first £25,000 transaction was made, I think that HSBC needed to go further and should've asked Mr C questions about the payments. My understanding is that it did do this. I have listened to the calls in question and whilst HSBC did ask some questions about the payments, I think that it should have gone further and asked more detailed questions.

If HSBC had asked more questions about the payments, I think that HSBC would have found out that he had been recommended the investment by a friend. That the friend had made profits with this investment. They would also have found out that initially he had been given what appears to be legitimate stock tips through a legitimate investment platform. That he had made profits that he was able to withdraw. I note that it was around this point that the nature of the investment advice had changed from stocks to crypto. But I also can see that crypto firm that B was asking Mr C to send the funds to was a clone of a firm that seems to have been legitimate. Of course, Mr C didn't realise this at the time – as far as he was concerned he was sending funds to a legitimate firm. So overall in the circumstances, had HSBC asked more probing questions, I don't think it would have become apparent that Mr C was being scammed.

Furthermore, had HSBC warned Mr C that the payments he was making could be part of a scam, I'm not persuaded that Mr C would have been dissuaded from going ahead with the transactions. Mr C had been recommended the investment by someone that he had a romantic relationship with. The friend said that she had made and withdrawn "profits". I also note that, when Mr C initially wanted to withdraw his funds from B and send them back to the legitimate trading platform, D was initially able to persuade Mr C to change his mind - albeit briefly. So I think that had Mr C had concerns about making the payment D would have persuaded him to do so. And finally, there were no official warnings available online about B at the time either. So overall, even if things had gone as they should've with HSBC, I think Mr C would've likely still incurred the loss that he unfortunately experienced.

I have thought about whether HSBC could have recovered the funds when the fraud was reported. But I don't think it could've. This is because firstly, the Contingent Reimbursement Model "CRM" does not apply as the payments were made to an account held by Mr C rather than to a third party. I also don't think that HSBC could have recovered the funds from the crypto exchange itself, as the funds had already been forwarded on to B by Mr C. So I don't think that the funds could have been recovered by HSBC.

It therefore follows that I can't reasonably tell HSBC to refund any money to Mr C.

### **My final decision**

Because of the reasons given above, I do not 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 20 June 2025.

Charlie Newton  
**Ombudsman**