

The complaint

Mr W is unhappy that HSBC UK Bank Plc (HSBC) won't reimburse money he lost to a scam.

The complaint is brought on Mr W's behalf by a professional representative.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr W has explained that between September 2022 and October 2022 he made payments from his HSBC account to buy cryptocurrency which he ultimately lost to an investment scam.

Mr W has explained that he was contacted on a messaging app by a group of people promoting a cryptocurrency investment with a company I will refer to as "R". He has advised he was given access to a cryptocurrency platform with R, which he says appeared professional. Mr W has also advised that he had very little investment experience and that the scammers were in regular contact with him. He says he sent payments from his HSBC account to a legitimate cryptocurrency exchange (who I will refer to as "B") as part of the scam. The funds were then moved from B onto the scammers.

Mr W says he has lost £9,464.08 as a result of the scam. I have included a list of the losses Mr W has provided us.

Payment number	Date	Notes	Amount
1	27 September 2022	Card payment to Mr W's cryptocurrency account	£192.04
2	4 October 2022	Card payment to Mr W's cryptocurrency account	£1,849.80
3	12 October 2022	Card payment to Mr W's cryptocurrency account	£4,877.46
4	12 October 2022	Card payment to Mr W's cryptocurrency account	£386.94
5	17 October 2022	Card payment to Mr W's cryptocurrency account	£1,157.84
6	25 October 2022	Card payment to Mr W's cryptocurrency account	£1,537.43*

**Total payment was £1,537.43 but Mr W says only £1,000 of this payment was part of his loss*

Mr W said he realised he had been scammed when he wasn't able to withdraw any of his funds and the scammers stopped communicating with him.

Mr W raised a complaint with HSBC. It didn't think it had done anything wrong by allowing the payments to go through. So, Mr W brought his complaint to our service.

Our Investigator looked into the complaint but didn't uphold it. Our Investigator didn't think the payments Mr W made were unusual and so he didn't feel HSBC should have identified a scam risk. Mr W didn't agree. He said, in summary, that the payments were being made to a cryptocurrency exchange, and given the risks associated with cryptocurrency HSBC should

have intervened on the payments. He also thought the payments were out of character when compared to his previous account activity

Mr W's complaint has now been passed to me for review and a 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.

I'm sorry to disappoint Mr W, but I'm not upholding his complaint - for broadly the same reasons as the Investigator.

Mr W has provided us with very limited information on his involvement in this scam. For example, we haven't been provided with any evidence of the messages he had with the scammer. We also haven't been provided with any evidence from the cryptocurrency exchange or shown any information that the funds were sent onto the scammer. I'd usually be looking for some more evidence to show that Mr W was involved in the scam. But as this doesn't make a difference to the outcome of Mr W's complaint, I'm going to proceed on the basis that he did suffer a loss to the scam he's described.

There are also other payments sent to B which were later returned during the scam period and funds which he says shouldn't be included as part of the scam. It's not clear why some payments should and shouldn't be included as part of his loss. However, as Mr W doesn't believe he has lost these funds to the scam I have proceeded to review the decision based on the losses he has highlighted to us.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides refunds in certain circumstances when a scam takes place. But as HSBC has pointed out, these payments aren't covered by the CRM code. This is because it doesn't cover payments made to an account held in a person's own name or debit card transactions. I've therefore considered whether HSBC should reimburse Mr W under any of its other obligations.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. HSBC is expected to process authorised payment instructions without undue delay. But in some circumstances a bank should take a closer look at the circumstances of the payments – for example, if it ought to be alert to a fraud risk, because the transaction is unusual for the customer, or looked out of character or suspicious. And if so, it should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment. I have also kept in mind that banks such as HSBC process high volumes of transactions each day, and that there is a balance to be found between allowing customers to be able to use their accounts and questioning transactions to confirm they are legitimate.

HSBC didn't identify that Mr W might be at risk of financial harm from a scam when he made the disputed payments. And having reviewed his account statements, I can't conclude that the payments made to the scam would have looked particularly unusual or out of character to HSBC. Mr W had made payments to B previously meaning he wasn't making his payments to a new payee, which can sometimes carry a higher level of risk. Most of the payments made were under £2,000 so they were relatively modest, and I can't say HSBC should have been particularly concerned about them or that they would have presented an obvious scam risk in value alone.

The highest payment made in relation to the scam was Payment 3. Mr W has argued HSBC should have intervened on this payment and Payment 4, which was made on the same day. This was because he had spent over £5,000 in a single day. But given that Mr W had already made a few payments to B in the weeks before these payments without any issues and had used B to make payments on his account previously, I can't say these payments would have presented an obvious scam risk. Mr W's account activity also shows he was transferring funds of a higher value in and out of his account, and although some of these may have been transfers to his own account, a customer making some larger payments, such as Payment 3, compared to their usual spending is not uncommon. So, on the whole I wouldn't have expected HSBC to intervene on the payments because of this. And, as explained above, a bank needs to strike a balance between allowing customers to use their accounts without unduly hindering legitimate transactions.

Mr W has argued the payments were made close together so they should have raised concerns. I've reviewed the frequency of the payments. The scam payments were made over several weeks and although there was a slight escalation in frequency, I still wouldn't have expected that to have caused HSBC concern. The payments didn't increase significantly in value so I don't think there was a pattern emerging that ought to have put HSBC on notice that Mr W may be falling victim to a scam.

Mr W has advised that HSBC should have intervened as the payments related to cryptocurrency. The payments were made to a legitimate cryptocurrency exchange. And while there are known fraud risks associated with cryptocurrency, as scams like this have unfortunately become more prevalent, not all payments related to cryptocurrency are scam related. This means that I wouldn't expect HSBC to intervene on a payment just because it related to cryptocurrency. So, while HSBC should be looking out for signs that its customers are at risk of financial harm from fraud, I'm not persuaded the value or frequency of the payments were so unusual or suspicious for HSBC to have suspected Mr W was at risk of financial harm - thereby prompting it to intervene before processing them.

Taking all of this into consideration, I don't think HSBC ought to have done more before following the instructions Mr W gave.

Could HSBC have done anything else to recover Mr W's money?

There are industry standards around attempting recovery of funds where a scam is reported. So, I've also thought about whether HSBC could have done more to recover the funds after Mr W reported the fraud.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. But I can see that Mr W didn't dispute the transactions in time to raise a chargeback claim in line with the relevant timescales, and I don't think there was any real prospect of a chargeback succeeding. This is because Mr W received the service he'd paid for in purchasing cryptocurrency.

So, I don't think there was anything more HSBC could have done to recover Mr W's money in these circumstances.

I'm sorry to hear Mr W suffered a financial loss as a result of what happened. But it would only be fair for me to direct HSBC to refund his loss if I thought the bank was responsible – and I'm not persuaded that this was the case. For the above reasons, I think HSBC has acted fairly and so I'm not going to tell it to do anything further.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 18 July 2025.

Aleya Khanom
Ombudsman