

The complaint

Mr K complains that HSBC UK Bank Plc (HSBC) won't reimburse him for payments he made to a scam.

Mr K's complaint is brought by a professional representative but for ease I will refer only to Mr K in this decision.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In April 2023 Mr K was contacted by a person offering flexible work from home. He was required to complete tasks to optimise the seller's product data. It was explained to him that while the company would put in some initial capital, he'd need to do so himself. In return he would receive a daily income and commission. He was told he'd need to set up some cryptocurrency (crypto) wallets to make his capital payments and receive returns. Over the course of the scam Mr K made the following payments (the payees were all crypto platforms):

Payment No.	Date	Payee	Method	Amount
1	26 April 2023	N	Card payment	£120.00
2	27 April 2023	M	Card payment	£166.60
3	2 May 2023	N	Card payment	£328.92
4	4 May 2023	N	Card payment	£165.28
5	12 May 2023	M	Card payment	£1,562.52
6	11 July 2023	C	Bill payment	£3,164.00
Total				£5,507.32

Mr K received some money early on, but after the July 2023 payment was made and he wasn't able to withdraw money from the scammers system, he realised he'd been the subject of a scam.

Mr K complained to HSBC. He said that they should have realised the payments he was making were unusual and that they should have intervened. If they had, and if they had provided warnings about the potential of a scam, he wouldn't have lost the money that he did.

HSBC didn't uphold Mr K's complaint. They said they'd made payments to the cryptocurrency wallets Mr K had asked them to pay and that they were in his name. They said they had no control over the payments Mr K had subsequently made from his cryptocurrency accounts. They didn't think there was anything unusual about the card payments and they didn't think a chargeback would have been successful had they raised one.

Mr K referred his complaint to this Service, but our investigator didn't think HSBC had been

unreasonable. She didn't think the card payments Mr K had made would have seemed so unusual that HSBC should have intervened. She noted that they had intervened and sent Mr K a warning message before the bill payment was processed. She thought that was a reasonable and proportionate response and, overall, she wasn't persuaded that HSBC needed to take any action.

Mr K disagreed with our investigator. He felt HSBC should have provided a warning when payment 5 was made and he explained that he didn't do any research into the company while the scam was in process as he'd been enrolled in a WhatsApp group with others who appeared to be employed in the same scheme, and who were sharing screen shots of their withdrawals. He asked for a decision by an ombudsman.

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 was very sorry to hear that Mr K had lost money in the way that he did. I appreciate how distressing and frustrating it must have been for him but I'm afraid I don't think it would be reasonable to hold HSBC responsible for the losses he incurred. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to 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.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Broadly speaking, Mr K is responsible for any payments made from his account which are properly authorised, as they were here. And HSBC has a duty to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017).

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like HSBC ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Any intervention should be proportionate to the risk presented by the circumstances of the payment.

HSBC should also have been aware of the increase in multi-stage fraud (including those involving cryptocurrency) when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years and it's a trend HSBC ought fairly and reasonably to have been aware of at the time of the scam.

Scams involving cryptocurrency have also increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022.

I think HSBC would have been aware at the time all of these payments were made that fraudsters use genuine firms offering cryptocurrency as a way of defrauding customers and that these scams often involve money passing through more than one account. So, HSBC should have been alert to whether these payments were part of a wider scam. The fact that the money used to fund the scam wasn't lost at the point it was transferred to Mr K's own account does not alter the fact that I think HSBC could fairly be held responsible for Mr K's loss in such circumstances.

Where there is a failure by a firm to properly intervene and protect a customer, it might then be fair and reasonable to say that the firm becomes responsible for the customer's loss. And so, in Mr K's case, it's for me to determine if HSBC made an error(s) over the course of the scam and, if so, whether it's fair and reasonable for it to be held responsible for Mr K's losses as a result.

I don't think there was anything unusual about the pattern or value of the card payment payments Mr K made (payments 1 to 5). There had been other payments made through his account relatively recently for similar values, and the payments weren't all made in close proximity; they were spread out over 17 days. While they were made to crypto platforms and the bank, for reasons I've already given, should have been aware of the higher risk associated with payments to such platforms, I don't think it would be reasonable for them to intervene in every payment to a crypto platform; that would create unnecessary friction to the banking process.

HSBC did provide a warning before the bill payment was made. That warning asked, for instance, if Mr K had created the crypto digital wallet, if he had access to that and who was asking him to pay? It recommended checking if the company was listed on the cloned firms page of the FCA website and not to let anyone take control of his device. It said he should download the HSBC fraud and cyber awareness app. I think that was a reasonable and proportionate warning in the circumstances. It may not have resonated with Mr K at the time as it didn't mention the specific features of the scam he was being subjected to, but it was sufficient to raise the alarm. And given the pattern of payments on the account, and the time that had passed between payment 5 and 6, I don't think HSBC needed to take any other action at that point such as calling Mr K or trying to establish the specific nature of the scam through further questions.

So, I'm not persuaded that it would be fair to hold HSBC responsible for any loss Mr K incurred as a result of the scam.

I've thought about whether HSBC acted reasonably when it was made aware of the scam. They haven't explained whether they tried to recover the funds from the card payments, but it's not disputed that all of the funds were sent to accounts in Mr K's name before being forwarded to the scammers. So, HSBC wouldn't have been able to recover any of his funds and I don't think it treated Mr K unreasonably for that reason here.

Chargeback – Mr K used his debit card for some of these payments but because he was able to purchase crypto with the exchanges he sent the money to, he received the service he paid for. As a result, there wasn't a reasonable prospect of a chargeback being successful. So, HSBC didn't treat him unfairly by not raising a chargeback here.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 17 July 2025.

Phillip McMahon
Ombudsman