

The complaint

Mr R complains that HSBC UK Bank PLC (HSBC) is refusing to refund him the amount he lost as the result of a scam.

Mr R is being represented by a third party. To keep things simple, I will refer to Mr R throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr R had previously been the victim of a scam involving cryptocurrency where he had lost around £21,000.

Mr R was then contacted by a company I will call X. X explained it would be able to recover the funds Mr R had lost to the previous scam and would charge a commission for providing the recovery service.

The process of recovering the funds Mr R had lost was that he would have to make payments equal to that he was withdrawing, this process was described as 'mirror transactions.' Throughout the scam X also provided other problems that had arisen which required Mr R to make further payments. As part of the process Mr R was required to download screensharing software to his device.

After making the payments requested by X Mr R was unable to retrieve his funds and realised, he had fallen victim to another scam. Something X appeared to confirm in one of his messages to Mr R.

Mr R made the following payments in relation to the scam:

Payment	Date	Payee	Payment Method	Amount
1	17 April 2023	Coinbase	Debit Card	£1,600
2	18 April 2023	Moonpay	Debit Card	£1,150
3	18 April 2023	Moonpay	Debit Card	£1,165
4	11 May 2023	Moonpay	Debit Card	£2,175
5	11 May 2023	Coinbase	Debit Card	£3,500
6	11 May 2023	Coinbase	Debit Card	£3,450
7	15 May 2023	Coinbase	Debit Card	£3,857
8	15 May 2023	Moonpay	Debit Card	£4,250
9	17 May 2023	Coinbase	Debit Card	£3,642
10	18 May 2023	Moonpay	Debit Card	£3,920
11	31 May 2023	Coinbase	Open Banking	£13,000
12	1 June 2023	Coinbase	Open Banking	£13,000
13	2 June 2023	Coinbase	Open Banking	£10,000
14	9 June 2023	Coinbase	Faster payment	£9,999
15	9 June 2023	Coinbase	Credit	£9,999cr

16	9 June 2023	Coinbase	Open Banking	£10,001
17	12 June 2023	Coinbase	Open Banking	£9,999
18	13 June 2023	Coinbase	Credit	£2,678.10cr
19	19 June 2023	Coinbase	Open Banking	£19,000
20	20 June 2023	Coinbase	Open Banking	£5,600
21	21 June 2023	Coinbase	Open Banking	£4,400
22	21 June 2023	Coinbase	Open Banking	£5,000
23	28 June 2023	Coinbase	Open Banking	£4,000
24	28 June 2023	Coinbase	Open Banking	£4,000
25	28 June 2023	Coinbase	Open Banking	£1,000

Our Investigator considered this complaint and didn't think it should be upheld. Mr R disagreed, so this 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.

It has not been disputed that Mr R has fallen victim to a cruel scam. The evidence provided by both Mr R and HSBC sets out what happened. What is in dispute is whether HSBC should refund the money Mr R lost due to the scam.

Recovering the payments Mr R made

Mr R made payments into the scam via debit card, transfer and open banking. The payments Mr R made were not made directly to the scammer, instead they were made to a cryptocurrency exchange whereby they were transferred into cryptocurrency before being forwarded to the scammer.

As there is no dispute that the exchange service was provided to Mr R any recovery attempt, whether that be via a chargeback, or attempting to contact the operator of the receiving account would have little possibility of success.

I don't think HSBC had any reasonable options available to it to recover the payments Mr R made in relation to the scam.

Should HSBC have reasonably prevented the payments Mr R made?

It has been accepted that Mr R authorised the payments that were made from his account with HSBC, albeit on X's instruction. So, the starting point here is that Mr R is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether HSBC should have been aware of the scam and intervened when the payments were made. And if it had intervened, would it have been able to prevent the scam taking place.

I have reviewed the information provided by both Mr R and HSBC.

A conversation between Mr R and HSBC took place when he attempted payment 11. Mr R confirmed:

- He was using cryptocurrency as part of a business deal as a currency.
- He had not come across the crypto exchange via cold, calls or social media and no one had approached him.
- He had not been communicating with a third-party, it was a personal thing with a friend he had known for a few years.
- He had carried out research on the investment.
- He had not downloaded any software giving access to his device.

A second call took place the following day when Mr R made payment 12. He confirmed:

- He had made the same value payment the day before and it was not a scam.
- No one else was involved in the payment and he was not being asked to make the payment.
- He was accumulating cryptocurrency with a friend he had known for years.

When Mr R made payment 13 another call took place Mr R confirmed:

- He was accumulating funds in his cryptocurrency account.
- No one else had access to his cryptocurrency account.
- He was using the funds to invest in business and possibly stocks and shares.
- He had not been coached how to answer the banks' questions.

When Mr R made payment 17 another call took place and Mr R confirmed:

- He was not investing yet but had been looking for the most legitimate cryptocurrency exchange.
- He had carried out his own research.
- No broker was involved.

Another call took place when Mr R made payment 19, the payment had been blocked and so had Mr R's online banking. Mr R confirmed:

- He had taken out a loan.
- He was making the payment in relation to an investment in a retail business and wanted the option to use cryptocurrency, but this was not yet confirmed.

The information Mr R gave during these calls was clearly not correct. Mr R was making payments having been contacted out of the blue by a company stating it could recover funds he had lost to a previous scam. Mr R has told us he gave false information as he was told by X that banks won't like him making the specific payments he was making.

In addition to the above Mr R also took out several loans to fund the payments he was making, and, on each occasion, he gave incorrect reasons for the loan purpose.

It is also clear that throughout the process of trying to recover his lost funds through X, Mr R had concerns that started from the outset. He researched X online and found the website to be a new website with limited reviews, he also contacted a different broker that advised him that if he had lost his cryptocurrency there was no way to get it back it does not wait around to be claimed.

In addition to this Mr R also told X about his concerns about the payments being related to a scam.

Despite all these clear red flags Mr R continued to make the payments and was willing to

follow X's guidance to give false information when loaning money and making payments.

Giving false information when making the payments in relation to the scam would have made it extremely difficult for HSBC to uncover the scam that was taking place. While HSBC could have intervened when Mr R made other payments in relation to the scam, I don't have enough to say he would have given any more honest answers had it done so. With this in mind, I don't think HSBC missed an opportunity to prevent the scam and it is not responsible for Mr's loss.

Mr R has said that HSBC should have done more to protect him. When he discussed the loan with HSBC it should have had further concerns and invoked the banking protocol. He also states he used phrases that identified another person's involvement such as "we" and "they" that should have caused concerns.

I appreciate that taking a loan then sending those funds to a cryptocurrency exchange should have looked suspicious to HSBC. But I don't think any further intervention would have made a difference.

Mr R was clearly under the scammers spell and despite having his own clear concerns about the payments and there being very clear red flags that even Mr R identified he continued to make the payments. Even If Mr R was unable to make the payment using his HSBC account, I am not convinced he would not have used another method to have the payment processed for example by using another of his accounts held elsewhere and providing false information as he did throughout the scam.

Considering everything Mr R has told us I don't think HSBC missed an opportunity to prevent the scam and it is not responsible for Mr R's loss.

My final decision

I don't uphold this complaint.

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

Terry Woodham
Ombudsman