

## The complaint

Mr M complains that HSBC UK Bank Plc (HSBC) won't refund money he lost in an investment – which he says was a scam.

## What happened

### *What Mr M says:*

Mr M often saw online adverts for crypto investments and was aware of their growing popularity. He says he didn't have any prior experience of investing in such products. He was introduced to an investment firm (which I will call 'firm A') by a friend. His friend said his investments were doing well – he was an experienced investor. So his friend introduced him to firm A and sent him a link to its website. Mr M signed up to firm A. He went through various ID and verification checks. He carried out some online checks on firm A and it seemed genuine.

Mr M was added to a chat forum and its members said they were doing well with their investments in firm A.

Over a period, Mr M could see the value of his investments growing and sent the following payments to a crypto exchange (C), and then to firm A:

Date	Payment	Amount
8 January 2022	Debit card - Crypto exchange C	£200
23 January 2022	Debit card - Crypto exchange C	£200
29 January 2022	Debit card - Crypto exchange C	£2,000
29 January 2022	Debit card - Crypto exchange C	£3,000
29 January 2022	Debit card - Crypto exchange C	£5,000
<b>Total – firm A</b>		<b>£10,400</b>

After a period, Mr M wanted to withdraw his profits but was met with resistance. He then realised he'd been the victim of a scam.

Following his losses, Mr M then looked around for another investment to try to make up the losses he'd suffered. He looked online and found another investment firm ('firm B') – advertising on YouTube. He clicked on the advert and was introduced to firm B. He was added to a group chat - and was encouraged by the stories of success others reported. He made payments to firm B via a crypto exchange (D).

Date	Payment	Amount
24 March 2022	Debit card - Crypto exchange D	£2,400
26 March 2022	Debit card - Crypto exchange D	£200
29 March 2022	Debit card - Crypto exchange D	£14,000
5 April 2022	Debit card - Crypto exchange D	£11,000
8 April 2022	Debit card - Crypto exchange D	£2,001
28 April 2022	Debit card - Crypto exchange D	£400
27 May 2022	Debit card - Crypto exchange D	£200
28 July 2022	Debit card - Crypto exchange D	£650
3 September 2022	Debit card - Crypto exchange D	£200
6 September 2022	Debit card - Crypto exchange D	£1,000
26 September 2022	Debit card - Crypto exchange D	£520
28 October 2022	Debit card - Crypto exchange D	£700
28 October 2022	Debit card - Crypto exchange D	£400
2 November 2022	Debit card - Crypto exchange D	£300
28 November 2022	Debit card - Crypto exchange D	£1,500
23 December 2022	Debit card - Crypto exchange D	£1,330
<b>Total – firm B</b>		<b>36,801</b>

Mr M says he realised this was a scam when he tried to withdraw money – he was asked to pay various fees for tax and commission.

As a result of what happened, Mr M says he's lost his life savings. He suffers from sleepless nights and his losses are constantly on his mind. He feels ashamed and upset that he's let his family down.

Mr M says that he made have had one call from HSBC throughout the period he sent money to both investments firms. He says HSBC should've done more to protect him - the payments were to crypto exchanges and were out of character. He says HSBC should refund the money he's lost, plus interest at 8% per annum and compensation of £250.

*What HSBC said:*

HSBC didn't refund any money. The bank said Mr M had authorised the payments. And they were to an account in his name at the crypto exchanges – and it was from those accounts that the fraudulent payments were made. So, Mr M should approach those firms for a refund.

### *Our investigation so far:*

Mr M brought his complaint to us. Our investigator didn't uphold it. She said she was satisfied that the payments were to legitimate investment firms – which then unfortunately went out of business. She hadn't seen evidence these were scams – only that Mr M bought crypto currency. And hadn't seen enough evidence of loss.

Therefore, because firm A and firm B appeared to be genuine trading firms, even if HSBC had intervened, she didn't think that the bank could've done anything to stop the payments.

Mr M didn't agree. He said there was evidence to show the companies involved were scams. The tokens he invested in no longer existed. If he'd known they were scams at the time, he wouldn't have invested. He asked that an ombudsman look at his complaint, and so it has come to me.

### **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.

As a first step, I need to decide whether this was a scam (where a scammer takes money from a customer with no intention of providing any services or returning the money to them) or a civil dispute (where a payment is made to a legitimate trading company or business, but the promised services or products don't materialise, or are sub-standard).

If this was a scam – then banks (including HSBC) must follow industry and regulatory guidance to check certain payments and in some circumstances, protect customers by stopping the payments and contacting them. And where banks haven't followed the guidance, they can be asked to refund them. This is called 'Authorised Push Payments' guidance (APP).

To give an idea, typical scams are commonly perpetrated by criminals through illegal call centres - for example, scams relating to online banking, or tricking customers into transferring funds to a 'safe account', and romance, investment or tax payment scams, normally using social media.

But where payments are made to a valid business for work to be done, or an investment made, then such principles don't apply. This is then classed as a 'civil dispute', and for which banks normally have no liability.

HSBC cannot confirm to us whether they intervened in Mr M's payments or not – or whether they called Mr M about them. This is because their records don't go back as far as the dates in question. Mr M has said the bank called him once.

So, I need to consider whether HSBC should've called Mr M to ask him about what he was doing – and what the bank could reasonably have said to him at the time. With this in mind, I looked at Mr M's account. He used it for day-to-day expenditure, with regular payments up to about £500. So – by the time the payment for £5,000 was made on 29 January 2022, it's reasonable to have expected HSBC to contact Mr M. On that day he was paying £10,000 in three payments to a crypto exchange.

But I then need to consider what HSBC might reasonably have said to Mr M at that time – had the bank intervened. I therefore looked at Mr M's complaint with this in mind. I can see this is clearly a civil dispute between Mr M and firms A and B.

I say that as I can see that for firm A:

This appeared to be a credible investment firm at the time of the payments – in 2022. It was issuing ‘tokens’ to investors – which were valued at £500 which then reduced in value to 50p. It involved a number of high-profile public and political figures.

Reports of its demise appeared in February 2023 – well after the payments were made by Mr M. Many hundreds of investors appear to have lost money. The online reviews of it at the time (2022) didn’t appear to raise any concerns. It was only later on - that online reviews highlighted that it had disappeared with investors’ money.

Firm A hasn’t appeared on the Financial Conduct Authority website by way of a warning.

Therefore, even if HSBC did intervene and called Mr M – I don’t consider the bank could’ve had any information about firm A. The bank might reasonably have asked him what he was investing in – and he would’ve likely said he was investing in crypto currency. And the bank might well have told him it that to do so was high risk. But of itself, that would not have prevented him investing in firm A. Therefore, I don’t think I can reasonably expect HSBC to have known anything about firm A or advised Mr M not to go ahead.

Firm B also seemed to be a genuine investment firm. It began trading in October 2022 and (like firm A) issued ‘tokens’, with up to 2% as a daily reward. It ceased trading in 2023 and was shut down in April 2023 with hundreds of investors losing money. It was under investigation in the USA in July 2023. The FCA hasn’t issued a warning about firm B.

For the same reasons, I don’t consider HSBC could’ve stopped Mr M from investing in firm B. It appeared to be a genuine investment firm – and many other investors were involved. And it was only much later after Mr M made the payments – that this information came to light. So, I don’t think I can reasonably have expected HSBC to have known anything about firm B when Mr M made the payments in 2022.

I can also see that Mr M had made some payments to crypto exchanges before. During 2021, I can see he made at least 16 payments (totalling over £6,000) to crypto wallets. So, it’s likely HSBC would’ve seen that and assumed he was a relatively experienced investor - and knew what he was doing.

It also important to note that HSBC were not acting as Mr M’s financial adviser – they couldn’t be expected to have looked into whether the investment was suitable for him. HSBC only had a duty to flag where payments were possibly linked to a scam – and I’m persuaded that the bank couldn’t have reasonably known that there was a risk to Mr M.

I appreciate that Mr M has lost a significant amount of money and I sympathise with the position he has found himself in. I’m also not saying he did anything wrong himself or that he doesn’t have a legitimate grievance against firms A and B. But I can only look at HSBC’s responsibilities and, for the reasons I’ve set out above, I don’t think the bank acted unreasonably in allowing the payments Mr M made to go through or that anything I would reasonably have expected it to have done would have prevented the loss he’s suffered.

*Recovery:* We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether HSBC took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money.

And here, the funds went from the bank account to a crypto currency merchant and the loss occurred when crypto was then forwarded to the firms. In this case, as the funds had already been forwarded on in the form of cryptocurrency there wasn’t likely to be anything to recover.

I can see that HSBC contacted the crypto exchanges' bankers in October 2023 – but I haven't seen any evidence of a response. But given what I've said, there isn't likely to be any recovery possible.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 8 May 2025.

Martin Lord  
**Ombudsman**