

## **The complaint**

Mr W has complained that HSBC UK Bank PLC (“HSBC”) blocked a number of payments he attempted to make from his HSBC account to a crypto exchange.

## **What happened**

Mr W successfully made a £500 payment to a cryptocurrency exchange on 14 January 2025.

However, subsequent larger payments Mr W made to the exchange were flagged by HSBC’s automated fraud prevention systems for additional security checks. For example, I can see that Mr W attempted to pay £2,000 to the same payee on 15 January 2025 and £2,500 on 17 January 2025 and those were blocked, pending Mr W answering questions to check that they were not linked to scams or fraud.

When the payments were blocked, Mr W was overseas at the time, which unfortunately resulted in him incurring costs when calling the UK to resolve the matter.

Unhappy with the payments being blocked and the length of the telephone calls to get the blocks removed, Mr W complained to HSBC.

In summary, Mr W said that he’d not reported any fraud and wasn’t sure why the two payments were blocked when the first one he made on 14 January 2025 went through without a problem. He also didn’t understand the logic of blocking the payments when the crypto he intended to purchase is in partnership with HSBC. Mr W said that the calls regarding the blocked payments were unnecessarily long and that it’s legal to purchase crypto, so he should’ve been allowed to make the payments.

HSBC issued its response to Mr W’s complaint on 17 January 2025 and didn’t uphold the complaint. In summary, HSBC said that due to an increase in financial crime, it has had to add extra protections for its customers. It said that it carries out such checks to ensure the money is being sent to a trusted source and that the account holder has authorised the payment without being under duress.

As Mr W remained unhappy with HSBC’s response to his complaint, he referred his complaint to this service as he would like to be compensated for the unnecessary and lengthy phone calls; call costs to be reimbursed; and compensation for the inconvenience he experienced. Mr W also requested that, as HSBC is partnered with creator of the crypto currency he intended to buy, HSBC should provide him with the number of extra XRP tokens that he could’ve got had the payments been allowed through on 14 and 17 January 2025.

After Mr W referred his complaint to this service, one of our investigators assessed the complaint and they didn’t uphold the complaint. As Mr W didn’t accept the investigator’s conclusions, the matter was referred for an ombudsman’s 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 reviewed everything, I don't uphold this complaint for broadly the same reasons that the investigator gave in their assessment. I will explain why.

Mr W has complained that HSBC blocked genuine payments that he had authorised to be made from his account. And in broad terms, the starting position is that HSBC is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable that HSBC should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so, given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers and payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this case, Mr W was able to pay £500 to a payee that is clearly linked to cryptocurrencies. And then Mr W attempted to pay further, larger, sums of money to the same payee in quick succession, but these were blocked.

Given the amounts and pattern of the payments and as they were payments being made to a payee that was clearly linked to cryptocurrencies, they are not dissimilar to the amounts and patterns of payments that we may see when a consumer is being scammed. So, I can certainly see why HSBC's fraud system detected that the payments may be suspicious, and blocked them, pending Mr W providing answers to specific questions, before it could process the payments.

I appreciate that such interventions from HSBC were clearly very frustrating and inconvenient for Mr W – especially as Mr W says he was overseas at the time, resulting in him incurring expensive telephone bills when calling HSBC about the payments. But to provide context for Mr W, a number of UK financial businesses - and this service - are currently receiving a very high volume of complaints from consumers arguing the exact opposite of what Mr W has complained about, in similar circumstances. That is, currently, there are many complaints where consumers are complaining that their bank *didn't stop* multiple payments they made to cryptocurrency exchanges being processed. And they say that the business's failure to act caused them to suffer a financial loss by allowing them to make the payments. And so this then leaves financial businesses in a difficult situation - particularly when payments are being made to crypto exchanges - where some customers complain that they didn't block such payments (or they did intervene, but then didn't ask enough probing questions to establish if they are being scammed) and some customers complain that they did block such payments preventing them from making legitimate payments.

Of course, a balance does need to be struck by financial businesses here, between allowing payments to be made and taking reasonable measures to protect their customers from fraud and scams, especially when payments appear unusual or out of character. But looking at the amount and frequency of the payments involved and who the money was being sent to, I can't say that HSBC was being unreasonable in blocking the payments and requesting Mr W to get in contact, before it could process the payment. And in doing this, I'm satisfied that HSBC was acting in the best interests of Mr W - although I appreciate that Mr W may not necessarily see it that way.

Therefore, because I think that the actions that HSBC took were fair and reasonable in the given circumstances, I don't think it would be appropriate to say that HSBC should pay Mr W the compensation that he has asked for.

I recognise that Mr W may be disappointed by this, and I can see that this matter was very frustrating for him, but I hope he understands the reasons for this decision.

### **My final decision**

Because of the reasons given above, I don't 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 20 June 2025.

Thomas White  
**Ombudsman**