

The complaint

Mr I complains that HSBC UK Bank Plc ('HSBC') won't refund the money he lost as the result of a scam.

What happened

Mr I saw an investment advertised online for a company I'll refer to as P. The investment involved cryptocurrency. Mr I says he was promised a return of 100% in 6 months if he allowed his investment to grow and introduced other people to the investment as part of his "downline".

Mr I made payments between September 2020 and July 2021. The payments totalled over £105,000. All of the payments were made to cryptocurrency exchanges, to purchase cryptocurrency which was paid into wallets in Mr I's name. Mr I says these funds were moved to wallets/accounts controlled by P.

Mr I became aware it was a scam when P's website shut down and he couldn't access his trading account. Mr I raised a fraud claim with HSBC in 2024.

HSBC says the payments Mr I made aren't covered by the Contingent Reimbursement Model Code (CRM Code) as they were paid to an account in Mr I's name. And HSBC aren't liable as they followed Mr I's payment instructions.

Mr I wasn't happy with HSBC's response, so he brought a complaint to our service.

An investigator looked into Mr I's complaint but didn't recommend that HSBC refund him. The investigator said:

- There isn't sufficient evidence that the payments Mr I made, were made as the result of a scam.
- Even if the investigator was satisfied the payments were made as part of a scam, Mr I hasn't evidenced that he has suffered a financial loss. The investigator highlighted all the credits paid into Mr I's account prior to the payments being made out and explained we need evidence of the source of those funds.
- It appears that Mr I enlisted other investors on P's behalf.
- Mr I hasn't provided statements for his cryptocurrency accounts, so it's possible that there are funds held in those accounts which should be offset against Mr I's loss. Also, Mr I received some credits from his cryptocurrency wallets which he didn't disclose and it's possible that there are more credits which haven't been taken into account when considering his financial loss.

Mr I disagreed with the investigator's opinion and raised the following points:

- Mr I borrowed money from his wife, and used funds from bounce back loans obtained by his company and his wife's company,

- Mr I had saved up cash at home, which accounts for the cash deposits into his account.
- Mr I moved money from his company (which I'll refer to as C) to cover some of the payments.
- Mr I also collected money from friends to invest.

As the case couldn't be resolved informally it was passed to me to review.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position at law is that a bank 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.

Here it's not in dispute that the payments were authorised, albeit Mr I may've done so not realising that his investment would fail – but that doesn't make the payments unauthorised. So, the starting position is that HSBC isn't liable for the transactions.

HSBC are a signatory to the CRM Code, but it doesn't cover payments between a consumer's own accounts. As all of the payments were made to purchase cryptocurrency which was paid directly into Mr I's wallets before being moved on, his payments aren't covered.

Is there sufficient evidence that Mr I was the victim of a scam?

Mr I has provided us with some emails which refer to seminars with P, or talk about Mr I's investment with P.

However, in Mr I's testimony he said "I invested in cryptocurrency and made payments to cryptocurrency platforms and lost heavily when the cryptocurrency suddenly lost its value. In addition to this I sent large sums of cryptocurrency to P".

Based on this, it appears that some of Mr I's loss may've been due to decreases in the value of cryptocurrency, which wouldn't be considered a scam. HSBC aren't liable to reimburse a customer where they've made a poor investment choice, or their investment hasn't provided the returns they expected.

As Mr I hasn't provided us with the statements from his cryptocurrency accounts, which the investigator asked for on more than one occasion, I can't confirm what payments and how much of the money paid into his cryptocurrency wallets was forwarded on to P.

Also, Mr I has only provided us with messages between him and the scammer from March 2021, which is halfway through the payments Mr I made. There are no messages to say what Mr I was told prior to investing. But, based on the information Mr I has provided it does appear likely that he may've been the victim of a scam.

However, that doesn't necessarily mean that he is entitled to a refund. I'll explain why.

Has Mr I shown that he's suffered a financial loss as a result of the payments he made?

I'm not satisfied that Mr I has proven he suffered a financial loss as a result of the payments he made. That means, even if I was satisfied that HSBC should've intervened or could've prevented the payments, I'm not satisfied that Mr I would be entitled to any refund I could recommend. I say this because:

- Mr I says some of the funds he received to make the payments came from bounce back loans. Bounce back loans were provided under a scheme set up by the government which had certain requirements. Under the scheme, bounce back loans weren't allowed for personal reasons – like a personal investment. So, Mr I wouldn't be entitled to a refund in relation to those funds.
- Mr I says he collected money from other people in order to invest on their behalf. But he hasn't provided evidence of exactly how much that was. Any investment made with money from third parties, wouldn't be considered Mr I's financial loss, as it's the third parties who have suffered the loss.
- I can see that Mr I received £40,000 from T, it's unclear if Mr I was investing on T's behalf or this is money he borrowed from T. If he was investing on T's behalf, the loss suffered isn't Mr I's.
- I can also see that Mr I received over £13,900 in credits which reference cryptocurrency platforms. All of these credits happened while Mr I was making payments out of his account, which form part of this complaint. So, I'm not satisfied that these were funds he recovered. As Mr I hasn't provided statements from his cryptocurrency accounts, I can't confirm what other credits he may've received that should be offset against the payments he made. It's also possible that Mr I still holds funds in those cryptocurrency accounts, which would reduce his outstanding loss.
- Over £50,000 in payments was funded by cash deposits made into Mr I's account. I appreciate that Mr I says he was saving cash at home for a house purchase, but Mr I hasn't been able to prove to my satisfaction what portion of this money is his, and what may've come from other people.

I'm really sorry to disappoint Mr I, but based on the evidence, I'm not satisfied that he has proven that he suffered a financial loss - or how much that financial loss is. So, I can't fairly make an award against HSBC or ask them to refund him.

My final decision

My final decision is that I don't uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 6 August 2025.

Lisa Lowe
Ombudsman