

The complaint

Mr H complains that HSBC UK Bank Plc won't refund money he lost to a scam.

Mr H's complaint is brought to this service through a professional representative. But for ease of reading I'll mostly just refer directly to Mr H.

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. During 2022 Mr H was the victim of a cryptocurrency investment scam.

Mr H says that in 2022 he was looking for an investment opportunity to supplement his pension income. He was motivated as a result of changes to his personal circumstances and a reduction in his income streams.

Mr H says that he chanced upon an advertisement for trial investment in cryptocurrency trading on social media. He responded to the advertisement following which he was contacted by a representative of 'M'. Mr H explains that following this contact he invested a small sum and the full details of the opportunity were explained to him.

Mr H initially made payments towards the scam from funds he held with another bank which amounted to around £190,000. These were made between June and August 2022. He'd also received some credits believed to be profits from the alleged investment of around £8,000. But once Mr H encountered difficulties making further payments from his account with another bank who'd placed restrictions on his account, he then transferred funds to his account with HSBC to facilitate payments towards the scam from there instead. These amounted to around £1,000,000 with payments made between July 2022 and September 2023.

Mr H says that he realised he'd fallen victim to a scam when he began the process to withdraw his funds and that all contact with M by phone and email discontinued with the website also disappearing.

Mr H reported his concerns to HSBC who rejected his complaint. It was satisfied it took appropriate measures to prevent Mr H from falling victim to a scam, which included arranging for the police to contact him as well as numerous telephone interventions that took place. A further complaint was raised through Mr H's professional representatives before it was brought to this service.

One of our investigators didn't recommend that the complaint should be upheld. She pointed out that HSBC had blocked multiple payments, spoken to Mr H multiple times as well as arranged for the police to visit Mr H. Based on this she didn't think that HSBC could reasonably be held responsible for Mr H's loss. Mr H disagreed and asked for an Ombudsman to review his complaint.

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 done so, I've reached the same outcome as our Investigator for largely the same reasons. I know this will be disappointing for Mr H, so I'll explain why.

Firstly, I'm sorry to hear of Mr H's personal circumstances and the loss of such a life changing amount of money to this cruel scam and the significant impact I have no doubt this must have had on him and his family. My role requires I remain impartial and so despite my natural sympathy, it would only be fair for me to direct HSBC to provide redress or compensation if they are responsible for acts or omissions that reasonably would have prevented the loss.

It isn't in dispute that Mr H authorised the transactions in question. He is therefore presumed liable for the loss in the first instance. However, HSBC is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

It is clear that HSBC had concerns that Mr H might have been at risk of financial harm from fraud, evidenced by the fact that they did intervene on numerous occasions. So, the focus here is on whether the interventions by HSBC were sufficient. Overall, I think they were and I'll explain why.

Following several disputed transactions, Mr H made an attempted payment of £20,000. He was asked to speak with HSBC's fraud team. Although he initially informed them he was paying for 'goods and services' he did clarify that he was purchasing cryptocurrency. The questions asked of Mr H included:

- *Are you making a financial investment into a scheme that is offering significantly higher returns?*
- *Have you been informed by this company or anyone, that investing here that you're going to receive significantly higher returns?*
- *What research have you completed to verify the legitimacy of this company. Have you verified this company? And how did you verify that?*
- *Has anybody told you how to answer our questions or ask you to mislead us about the purpose of the payments?*
- *How did you get to know about the investment in cryptocurrency?*
- *When was the last time you invested in cryptocurrency?*
- *Has anyone contacted and offered you a huge profit by investing in this digital currency?*
- *Do you have access to your wallet/ account? How did you create that wallet?*
- *Have you sought any independent investment advice before proceeding with this?*
- *Have you made sure that the payment is going directly to the provider instead of a third party?*

Mr H provided responses to all the questions asked of him. But at no point in time had he made any mention of the involvement of M. Instead, Mr H only made reference to a company – which I'll refer to as L, that were a genuine cryptocurrency brokerage whom his payments were being made to. He explained that his payments were being made to L to purchase cryptocurrency (whom he'd done his own research on), following which the assets were made available on his own digital currency wallet which only he had access to. He also

explained that he was investing directly in BitCoin and he knows when he can make a profit by watching the price/ market and deciding when to sell. Mr H was also provided several warnings by HSBC explaining that if his payments turned out to be fraudulent/ part of a scam it's unlikely they could recover them, which he acknowledged.

HSBC remained unhappy with Mr H's explanations, and it considered some of his responses about how long he'd been investing to be a concern. As such, it made a decision to place a block on his account and invoke Banking Protocol. This resulted in HSBC contacting the police who would then attend Mr H's address. The police would then speak with Mr H about what he was doing and the dangers of scams. I would also note that throughout the call, Mr H expressed his dissatisfaction at the intervention taking place and went so far as to describing the call at its resolution as a *"total waste of time"*.

A couple of days later, HSBC were in contact with the police following their visit to Mr H's address. For the most part, the police relayed the same information Mr H had already provided to HSBC. It also advised Mr H's family were aware of the investment and no concerns were raised about this. The police also later notified HSBC that *'words of advice were given to Mr H and he said that he is very aware of scams and staying safe with crypto scams'*.

Subsequently, Mr H's account was unblocked which resulted in him attempting to remake the payment of £20,000 a couple of days later. This payment was also blocked and Mr H was required to speak with HSBC again before it could be released. Mr H was asked a very similar series of questions, and he repeated the same responses he'd already given. He was also given a further warning that HSBC would not be liable for any subsequent loss.

Following this payment, HSBC intervened in the same manner in the subsequent nine payments Mr H was making to his account with L. Though he was asked some variations on questions previously asked. This included what attracted Mr H to the investment whereby he explained *'because the stock markets have been so volatile recently. I used to invest heavily but when I retired and had more time to spend, I decided to try Bitcoin and it's been successful so far. If it weren't successful, I would go back to some other form of investment. I've still got a few investments elsewhere in stocks and shares and I'm watching them go down every day'*. He was also asked whether he'd checked L were registered with the Financial Conduct Authority (FCA) which he confirmed they were.

Mr H was also questioned about the funds coming in from his other account and why it was not possible to transfer directly from that account instead. He did not notify HSBC that the other bank had already placed restrictions on his account and instead informing them that he'd opted for HSBC as he believed as an international bank, they would be more familiar with this sort of activity.

I'm satisfied that across the interventions that took place, HSBC did enough to ask questions, provide context to those questions and to provide warnings of the risks involved. It's clear that Mr H wasn't concerned about those risks and wanted to proceed with making his payments even when HSBC opted to involve the police. It's also clear that Mr H didn't share the same information at the time with HSBC nor the police, compared to what he's later said when making his complaint through his professional representative. Specifically relating to the involvement and Mr H's dealings with a third-party M. Instead, Mr H presented himself as someone making his own investment decisions without the involvement of a third party or onward transmission of the funds beyond his own digital currency wallet. Mr H also failed when questioned to notify HSBC the true nature for why he was now proceeding to make payments from his account with them, instead of the bank account his funds originated from. I think Mr H choosing to answer the questions as he did, hindered HSBC's ability to protect him.

I've also considered whether any earlier, or later interventions could have prevented Mr H's loss but I'm not satisfied he'd have responded any differently. Especially following Mr H's actions to make payments from his account with HSBC after another bank had placed restrictions on his ability to make larger payments as a result of concerns it had already raised about similar activity. I've also carefully considered Mr H's comments shared with our investigator when questioned about why he hadn't listened to the scam concerns from HSBC and the police. Whilst there is suggestion the scammers informed Mr H that he may encounter some resistance from banks when making these payments, he explained he had the impression from both his banks that they were threatened by the existence of cryptocurrency and their attitude *'seemed almost paranoid and they tried to put every possible obstacle they could in the way to stop customers getting involved at all...'* Mr H maintained that he believed M to be real and the account manager he was assigned was a reasonable man, very knowledgeable and exuded confidence and empathy. He said he felt very comfortable that he was dealing with a very professional and genuine organisation and was reassured by the fact that his trading wallet was entirely personal to him and only accessible to him. He'd also said the scammers were so adept at engineering situations which seemed so unfortunate but believable that the requirement for more funds to overcome the problem seemed the only logical solution. Overall, I'm not satisfied Mr H would've responded differently at any stage in the 15-month period payments were made toward the scam.

I'm of course very sorry to hear about the significant loss Mr H has suffered at the hands of cruel and callous scammers. But in the circumstances of this complaint, I'm not satisfied HSBC can fairly be said to be responsible for the loss.

For completeness, I'm also not persuaded there were any prospects of HSBC successfully recovering the funds, given the money was used to purchase cryptocurrency from legitimate providers.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 February 2026.

Mark O'Connor
Ombudsman