

The complaint

Mr T complains that HSBC UK Bank Plc did not reimburse the funds he says he lost to a scam.

What happened

Mr T says he was introduced to an investment opportunity by his brother-in-law. This was with a company I will refer to as 'X' who taught individuals how to trade and offered an investment platform that allowed you to trade in stocks and commodities. Mr T made the following payments from his sole account with HSBC:

Date	Amount	Payment type	Payee
26/07/2022	£2,500	Card	X
19/10/2022	£10,000	Transfer	X
28/10/2022	£8000	Transfer	X
12/05/2023	£2,600	Card	Crypto Merchant
01/06/2023	£2,100	Transfer	Crypto Merchant
27/06/2023	£2,500	Transfer	Crypto Merchant
18/07/2023	£15,230	Transfer	Crypto Merchant
18/07/2023	£17,503	Transfer	Crypto Merchant

Mr T has said his initial investments in 2022 did not go well, and it took some time for his funds to recover. When it did, he began trading again in mid-2023 and in July he was offered stock in Tesla and made two higher value payments on 18 July, plus another payment from a joint account he held with HSBC.

In August 2023, Mr T thought he had around £103,000 in his trading account which he wanted to withdraw. When he attempted this, he was given excuses as to why he could not do so and was asked to deposit more funds. He refused, and looked up the company again and found negative reviews as well as a warning on the Financial Conduct Authority ("FCA") website about X. In October 2023, Mr T received communications from X that they were ceasing trading.

Mr T initially raised a disputed transactions claim for the payments made to X directly in 2022, and from this he received a refund of £18,000. He then raised a scam claim via a representative in January 2024 for the remaining payments. HSBC issued a final response letter in February 2024 which confirmed there were no fraud checks carried out for the payments. As the funds were sent to cryptocurrency wallets in Mr T's name, they felt the service requested had been provided and they would not look to reimburse Mr T.

The complaint was referred to our service and our Investigator looked into it. They felt that the payments on 18 July 2023 were unusual enough to warrant a human intervention from HSBC. And as there was a warning on the FCA website about X, and Mr T thought he had guaranteed returns in the Tesla stock, which was purchased with cryptocurrency, the Investigator felt the scam could have been revealed at that point. They also felt Mr T could have done more to protect himself from the scam as some of the returns should have been seen as too good to be true. So, they recommended a 50% refund from the payment of

£15,230 onwards along with 8% simple interest.

Mr T accepted these findings however HSBC did not. They highlighted a number of other high value payments going in and out of Mr T's account, so they did not think the payments in question were particularly unusual. And they provided evidence to show they asked Mr T what the purpose of three of the payments were, which he gave two different responses to. They therefore felt they had provided a relevant warning, which Mr T ignored, and that he may have been trying to hide the true purpose of the final two payments.

As an informal agreement could not be reached, the complaint has been passed to me for a final 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.

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.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr T authorised the payments in question as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that HSBC was obliged to follow Mr T's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether HSBC did enough to try to keep Mr T's account safe.

The initial three payments were made directly to the parent company of X, and it does not appear that these were firstly converted to cryptocurrency. I can see that HSBC has already refunded the £10,000 and the £8,000 payment, as they were covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. This is because they were transfers sent directly to the scam company. Even though these have been refunded, I have still considered them as part of the overall payment journey of the scam.

On balance, I think the two payments made in October for £10,000 and £8,000 were relatively high in value and warranted some form of intervention from HSBC. While I appreciate HSBC has highlighted other high value payments on Mr T's account, I don't think payments from a year prior are relevant as the activity on an account is dynamic and can change over time. While there was a payment of £4,787.15 three months prior to the October payment, I have to consider this was an established and official government payee. While there was a significant transfer of £48,000, this was to an internal account within HSBC in Mr T's name, so I think the risk was low on these transfers and does not indicate

his genuine account activity for similar payments.

I do think that the £10,000 payment was both unusual and high value enough that it warranted an intervention from HSBC. And I think this should have been a human intervention considering the value involved. I've therefore gone on to consider whether an intervention could reasonably have uncovered the scam at that time and prevented further payments from being made.

At that time, Mr T had only been dealing with X for a few months and I'm mindful that he had been introduced to the investment by a family member, his brother-in-law. I am also aware that these payments were made directly to X's parent company, meaning at that point it does not appear cryptocurrency was involved. In addition to this, there was no FCA warning about X at that time and I have not seen any communications between Mr T and X for that period. With all of this in mind, it is difficult for me to safely conclude it's more likely an intervention from HSBC would have uncovered the scam and prevented further payments from being made. At that time Mr T had found the investment from someone he trusted, he had not lost funds by that point and there were no external signs that this company may be operating a scam. So, I do not think HSBC could have prevented these earlier payments from being made.

On balance, I do not think the payments after this that were around £2,500 were particularly unusual or out of character when compared the genuine activity on Mr T's account. However, I think the payments on 18 July 2023 are again particularly high value and on balance, I think they are out of character for Mr T.

I have carefully considered HSBC's comments that Mr T had made earlier high value transfers, and they have highlighted two payments of £20,000 he made in January 2023. I do appreciate these payments out are similar to the scam payments in value, but I don't think this therefore means it was typical account usage for Mr T to transfer out high value payments to external payees. These were the only other external payments of more than £8,500 in the two years prior, as all other high value transfers were to internal accounts in Mr T's name. With this in mind, I do think the payment of £15,230 was unusual enough to warrant an intervention by HSBC.

I can see that HSBC did intervene in some of these payments, and they did so 'automatically' meaning there was no human intervention. In this, they asked Mr T to select from a list what the purpose of the payment was. For the initial payment on 21 June 2023 for £2,100, Mr T selected that the payment was for 'an investment', and HSBC provided some general warnings about investment scams. This included the advice to check the FCA register for any warnings. For the final two payments, Mr T selected that he was 'buying goods or services' and HSBC therefore provided warnings relevant to goods purchasing scams. On balance, considering the values involved for the final two payments, I don't think an automated warning was sufficient, and I think a human intervention was better suited to the risk level the payments posed.

I've gone on to consider whether a human intervention would have been enough to break the spell and prevent further payments from being made. HSBC has argued that as Mr T did not check the FCA register after it advised him to on the written warning, he would not have heeded a verbal warning. And they have suggested that he was not honest with them when he selected 'paying for goods and services', so he may have continued not to be honest with them during a human intervention.

Based on what I've seen, I do not agree with these arguments. Firstly, I don't think it follows that Mr T selecting 'paying for goods and services' meant he was trying to mislead HSBC. Mr T was purchasing cryptocurrency, in order to purchase Tesla stocks (as he understood

it), so I do not think his selection was so far removed from what he thought the payments were for that he was trying to mislead HSBC. So, I don't think it follows that he therefore would have tried to mislead HSBC during a human intervention.

I also do not think that Mr T's decision not to check the FCA register following a written warning means he would not have done so had a human intervention occurred. Generally speaking, a human intervention allows HSBC to ask open questions about the purpose of the payment, and therefore provide more tailored warnings to Mr T. Had a conversation occurred, I think it's likely HSBC would have realised Mr T was purchasing cryptocurrency, which generally has an increased risk level in itself. And as Mr T was intended to make a further payment that day in order to purchase a significant amount of Tesla stock with cryptocurrency, I think HSBC would have clearly set out the significant risk this posed and the likelihood that Mr T was the victim of a scam. And I think this more focused warning would more likely have led to him checking X online again for reviews as well as the FCA register.

I am aware that this is what Mr T did just a month later, when his attempts to withdraw funds was unsuccessful. So, I think it's likely the same would have happened in July had HSBC carried out a human intervention and provided an appropriate warning in the circumstances. I therefore think HSBC missed an opportunity to intervene and meaningfully reveal the scam at that time.

I've finally considered whether or not Mr T should reasonably bear some responsibility for the losses as a result of any negligence in his actions and if it is therefore reasonable for me to make a reduction in the award based on this. In doing so, I've considered whether Mr T has acted as a reasonable person would to protect himself against the loss he suffered. The test is objective but needs to take account of the relevant circumstances.

I am aware that Mr T has already accepted the findings that a reduction in the redress was necessary, so I won't go into detail again about this. In summary, I do agree that a reduction in the redress was reasonable in the circumstances. By the time I think the intervention should have occurred, Mr T had been guaranteed relatively high returns, and was assured X had a 'no lose' strategy, which I think he could have seen as too good to be true. This, along with the lack of documentation received and the amounts involved, I think the redress should be reduced to account for Mr T's contribution to the loss. I therefore agree that a reduction of 50% would be reasonable.

Putting things right

HSBC should reimburse Mr T from the payment of £15,230 onwards, and it can reduce this by 50% for the reasons set out above. It should also apply 8% simple interest from the date of the transactions to the date of settlement, less any lawful tax.

My final decision

I uphold this complaint in part. HSBC UK Bank Plc should put things right by paying the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 2 September 2025.

Rebecca Norris
Ombudsman