

The complaint

Miss is unhappy that HSBC UK Bank Plc won't refund payments she made as part of a scam. She raises service issues as well.

Miss E brings her complaint via professional representatives, but for simplicity I've referred to the actions of Miss E throughout this decision.

What happened

In 2022 Miss E was told by a friend about an opportunity for investment training, through a company I'll call "V". As part of the offering, members were able to invest in V through buying 'education packages' and earning points on them. Miss E was told to set up an account with a cryptocurrency provider, as USDT had to be used to purchasing the packages. She initially used "C", a well-known cryptocurrency exchange, for the first payment. Then Miss E opened an account with "S", who offer a range of services (some regulated) including the option to purchase cryptocurrency.

Miss E made the following payments from her HSBC account as part of the scam:

| Payment | Date | type | Payee | Amount |
|---------|------------------|--------------------|-------|---------|
| 1 | 22 February 2022 | Debit card payment | C | £29.23 |
| 2 | 22 February 2022 | Faster payment | S | £827.91 |
| 3 | 5 July 2022 | Faster payment | S | £111 |
| 4 | 21 July 2022 | Faster payment | S | £420 |
| 5 | 21 July 2022 | Faster payment | S | £20 |
| 6 | 25 October 2022 | Faster payment | S | £200 |
| 7 | 1 November 2022 | Faster payment | S | £200 |
| 8 | 20 November 2022 | Faster payment | S | £4,350 |
| 9 | 1 December 2022 | Faster payment | S | £100 |
| 10 | 15 December 2022 | Faster payment | S | £420 |
| 11 | 13 January 2023 | Faster payment | S | £4,120 |

HSBC asked Miss E for the purpose of payment 2, going to S, and she selected (via automated screens) that she was making an investment. It then showed warnings based on

that option, before professing the transfer. Miss E was told rewards would accrue at around 2-3% weekly, and she received 12 credits from S totalling £4,548.62 during the scam period. She sent three more payments from a different (e-money) account in her name, I'll call "R". When the rewards stopped Miss E tried to withdraw her funds and couldn't. That's when she realised she'd been scammed.

In 2024 Miss E complained to HSBC and said the payments should be covered under the Contingent Reimbursement Model (CRM) – a voluntary code that provided refunds for fraud in certain scenarios. HSBC's response said it wasn't liable to refund the payments, but the bank acknowledged that it had delayed notifying the scam team of the fraud. So it offered £200 for any inconvenience caused by the processing error. As Miss E wasn't happy with the outcome of her claim, she referred matters to our service for review.

One of our investigators considered the complaint and didn't think it should be upheld. In her view, the transactions weren't concerningly out of line with the usual activity on the account. The investigator also didn't think HSBC would know the transactions to Miss E's account at S definitely related to cryptocurrency – all it would have known was the funds were going to an e-money account in her name. So, overall, the investigator thought HSBC had acted fairly by not intervening on any of the payments. She also thought the £200 compensation offered for the service issues was fair in the circumstances.

Miss E accepted what the investigator had said about the compensation offered, and HSBC paid that amount to her. But Miss E didn't agree with the opinion that the bank shouldn't refund the scam losses. She argued the transactions were out of character and HSBC should have provided more than the one warning it did. As no agreement could be reached the complaint was passed to me for a final decision on the matter.

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'm not upholding Miss E's complaint. I appreciate that will come as great disappointment to Miss E, who I know feels strongly that HSBC should have done more. I'm also aware that the whole ordeal has had a profound impact on her – which I was saddened to hear. There's no dispute that Miss E fell victim to a very persuasive scam. But what I must decide is whether HSBC ought to have been able to prevent the loss. On balance, I don't think it could have – and I've explained my reasoning below.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that banks like HSBC are expected to process payments and withdrawals that a customer authorises them 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 have been good industry practice at the time, I consider it fair and reasonable that during the timeframe of the transactions, 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 their 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 – (as in practice HSBC sometimes do);
- 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, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

HSBC has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud. There are many millions of payments made each day, and it would not be possible or reasonable to expect firms to check each one. In situations where they do (or ought to) intervene, I would expect that intervention to be proportionate to the circumstances of the payment.

HSBC was signed up to the CRM code at the time these payments were made, but they aren't covered for a refund under that scheme (as they either went to cryptocurrency or an account in Miss E's name). The transfers weren't protected by chargeback scheme rules or section 75 of the Consumer Credit Act either.

There was a large card payment made by Miss E a week before the first one involved in this scam, which was sent to C. That was for a different fake 'investment', I'll call "H", and we reviewed that transaction under a separate complaint reference. That payment was far larger than any of the ones Miss E sent as part of this scam, and it was supposedly for a cryptocurrency investment. We concluded that HSBC's intervention ought to have been better, and prevented the loss – given the regulator had an active warning up about H.

I've considered what happened under that complaint when reviewing this one, and I don't think HSBC stopping that payment would have affected Miss E's decision to invest in V. It was a separate investment opportunity, and one recommended by a friend – who had seen returns. There weren't any warnings up about V either. I also don't think any cryptocurrency investment scam warnings given during that earlier point would have resonated when making these payments, as this wasn't a cryptocurrency investment. But I've factored in to considerations that HSBC ought to have been aware that Miss E had nearly fallen foul of a scam when processing the payments complained about here.

The first payment made as part of this scam was to a known cryptocurrency exchange, but because the amount was low I wouldn't have expected HSBC to be concerned or intervene before allowing it. The rest of the payments all went to S, which does allow you to exchange funds into cryptocurrency as one of its services – but also provides an e-money wallet, and carries out other regulated activities. These payments were all sent to the digital wallet in Miss E's name. HSBC would have known Miss E might be using S to buy cryptocurrency, and therefore payments to these wallets carry a higher risk than perhaps ones going to another bank account. But I don't think it would be fair to conclude its system should have identified these transactions as definitely cryptocurrency related.

Payments 2 to 7 were all relatively low in value and spread out over many months – so I don't think they would have indicated a fraud risk. HSBC gave an investment scam warning prior to payment two, likely because it was a new payee, and based on the purpose Miss E

gave (probably the best fit for the circumstances). That warning didn't resonate with her, and I don't think HSBC needed to do any more at that point. There were also lots of credits received back from S in between the next few payments, so HSBC would have viewed it as an established payee by November 2022, and there wasn't an obvious scam pattern emerging.

Payment 8 is the first transaction that could be seen as larger, but having reviewed Miss E's usual account activity in the year prior to it, I don't think this payment ought to have concerned HSBC. In the months leading up to the first scam payment Miss E usually made a couple of payments per month for over £1,000, and some larger than this one. I recognise it was certainly above her typical spending level, but not completely out of character for the account – and going to an established payee (a digital wallet in her name). The time period since the first payment to S would also have been reassuring to the bank, as it allowed opportunity for any issues to come to light. It would have been a while since the last intervention too, that should have happened in February 2022, and not enough indication by this point she was at risk again.

That means I don't consider HSBC was reasonably prompted to carry out fraud checks prior to the transfer for £4,350. But even if it could be argued that a scam warning should have been shown, I don't think that would have prevented the payment from being made (given the investment warning prior to payment 2 hadn't alerted Miss E). There was another transfer for a similar amount made a couple of months later (the last one), and it was funded by a loan (taken elsewhere) that had been paid into the account the day before. That created some additional risk around the 11th transfer. But in the context of how long Miss E had been sending money to her wallet at S, and the prior transactions of around that level on the HSBC account, I still don't think fraud checks were warranted before processing it. In order to uncover the specific circumstances of this scam, HSBC's fraud agents would have needed to speak with Miss E, and probe her about the opportunity. But I'm not satisfied there were sufficient risk factors present at any point over the year, which indicated she was very likely being scammed, to warrant that level of intervention (speaking to a person). That's because an obvious scam pattern didn't form and none of the payments individually looked risky enough.

I know that Miss E feels a great deal of shame and guilt over the loss – but I want to reiterate that she fell victim to a cruel and sophisticated scam, and isn't to blame for what happened. She truly has my sympathy for what she experienced at the hands of fraudsters. However, I've had to decide if I think HSBC should be held liable for some or all of the loss – and I don't consider it was at fault here. That's because I don't think it ought to have been aware the transactions might be the result of fraud, and intervened to carry out checks. HSBC could have provided warnings for the larger payments, but I don't think they would have likely stopped the transfers being made.

My final decision

My final decision is I don't uphold Miss E's complaint about HSBC UK Bank Plc. Miss E has already received the £200 compensation offered, so I don't need to direct the bank to pay it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 18 July 2025.

Ryan Miles
Ombudsman