

The complaint

Mrs O complains that HSBC UK Bank Plc trading as First Direct (“HSBC”), have failed to refund money that she lost as part of an investment scam.

What happened

Mrs O’s husband came across a company that purported to be an investment firm, but was actually a scammer that I will call C. Mrs O made the following payments to a crypto exchange, via debit card, from her HSBC account. Other payments were made from an account Mrs O held with a different provider and Mr O made payments directly from an account he held as well.

Payments made from HSBC were as follows:

| Transaction Number | Date | Amount | Payment type |
|--------------------|------------------|--------|--------------|
| 1 | 31 January 2025 | £300 | Debit Card |
| 2 | 2 February 2025 | £2,000 | Debit Card |
| 3 | 4 February 2025 | £1,000 | Debit Card |
| 4 | 6 February 2025 | £2,000 | Debit Card |
| 5 | 7 February 2025 | £600 | Debit Card |
| 6 | 9 February 2025 | £100 | Debit Card |
| 7 | 10 February 2025 | £1,000 | Debit Card |
| 8 | 10 February 2025 | £1,000 | Debit Card |
| 9 | 10 February 2025 | £1,000 | Debit Card |
| 10 | 10 February 2025 | £1,000 | Debit Card |

Payments made from other accounts were as follows:

| Transaction Number | Date | Amount | Payment type | Which account |
|--------------------|------------------|--------|--------------|----------------|
| 1 | 11 February 2025 | 1,000 | Debit Card | Mr O’s account |

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|---|------------------|--------|------------|---|
| 2 | 11 February 2025 | £500 | Debit Card | Mr O's account |
| 3 | 13 February 2025 | £300 | Debit Card | Mrs O's account with different provider |
| 4 | 17 February 2025 | £1,000 | Debit Card | Mrs O's account with different provider |
| 5 | 17 February 2025 | £2,000 | Debit Card | Mrs O's account with different provider |

The funds were then sent to C via the crypto exchange.

Mr and Mrs O realised that C may be a scammer, so they rather wisely persuaded C to allow them to withdraw some of the funds under the premise that they would invest more later. Overall, they managed to withdraw £8,803.32 over the course of the scam before the scammer refused to return any further amounts.

I issued a provisional decision on 27 November 2025 in which I said the following;

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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 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 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 – (as in practice HSBC sometimes does including in relation to card payments);*
- *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 businesses) and the different risks these can present to businesses, when deciding whether to intervene.*

In this instance, the first 3 payments were not large enough and did not form a pattern sufficiently indicative of a scam, to have prompted an intervention from HSBC. I note that Mrs O was not in the habit of sending funds to crypto exchanges prior to the above payments. But HSBC cannot intervene during every transaction or whenever a payment is made to a different payee. And the payments were not individually unusually large and were relatively spaced out. So I don't think that HSBC needed to intervene prior to payment 4.

When payment 4 took place however, I think by this point a pattern had started to form that was sufficiently unusual - based on Mrs O usual account activity - to have prompted an intervention from HSBC. I say this because it represented over £5,000 being transferred to a crypto exchange in just three days. Whereas prior to this, apart from two transactions one for £1,000 the other for £2,200 both going to an account in Mrs O's own name, the largest transaction in a month had been £300.

So I think that HSBC should have intervened and asked Mrs O questions about the payments and provided a tailored written warning based on the answers provided.

In this instance, I think that such a warning saying that scam companies pretend to be investment firms and encourage people to send funds via a crypto exchange to, what turns out to be fake investment platform, would have resonated with Mrs O. And I think that is the case even if she directly was not investing with the scam firm. I also can see that Mr O had some doubts about the firm around this time, as he asked in the scam chat whether the scam firm was legitimate. So I think that a warning from Mrs O's trusted bank, coupled with the doubts Mr O was starting to have around that time, would have stopped the scam.

Contributory negligence

I've thought about whether Mrs O should bear any responsibility for her loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all of the circumstances of this complaint.

There were relatively sophisticated aspects to this scam, not least a platform, which was used to access and manage the user's investment. I can't see that any profits were guaranteed and there were no credible warnings online about the scam platform at the time.

I also note that Mrs O mitigated some of her loss by essentially tricking the scammer into allowing a large withdrawal once her and Mr O had suspicions about the scam firm. So overall, I don't think that a deduction is merited from contributory negligence.

Putting things right

I currently think that HSBC should have prevented Mrs O's loss from and including Payment 4. In calculating fair redress I've taken into account that Mrs O has received some reimbursement.

I can also see that Mrs O received money back that they understood to have been 'profit/return' from their investment. Given Mrs O was falling victim to a scam and their 'investment' wasn't genuine, I don't think this money should be attributed to any specific payment. Instead, I think this money should be deducted from the amount lost by apportioning it proportionately across all of the payments Mrs O made to the scam. This ensures that these credits are fairly distributed to each of the payments that should be reimbursed.

To work this out, HSBC should take into account all of the payments Mrs O made to the scam (including those from other businesses), which I've set out in the table above.

In this case, the money received back equals £8,803.32 and the total amount paid to the scam equals £14,800. HSBC should divide the amount received by the total amount paid to the scam. This gives the percentage of the loss that was paid back to them. Deducting that same percentage from the value of each payment from (and including) Payment 4, gives the amount that should be reimbursed for each payment.

Here the amount paid back to Mrs O is 59.48% of the total amount paid out to the scammer. It therefore follows that the outstanding loss from each payment after and including Payment 4 should be reduced by the same percentage. That means HSBC should reimburse 40.52% of each payment after and including Payment 4.

Please note that, for ease of reading, I've rounded the relevant percentages down to two decimal places, but HSBC should perform the calculation I've set out above to arrive at a more precise figure, as I have done to arrive at the figure below.

After taking the steps set out above, Mrs O's outstanding loss from these payments from HSBC is £6,700. I therefore calculate the overall reimbursement due to Mrs O from HSBC to be £2,714.71.

Recovery

I've also thought about whether HSBC did enough to attempt to recover the money Mrs O lost. In this instance, the payments made were card payments and were essentially a means to send funds from Mrs O account to the crypto exchange and this is what happened so there would be no means to challenge the payments. So overall, I don't think that HSBC could have recovered the funds in any other way."

Mrs O agreed with this provisional decision. HSBC responded disagreeing with my provisional decision and they raised the following points:

- The payments were all relatively low value, were spread out and therefore there was no need to intervene during payment 4.
- Mrs O was relying on her husband's research and trusted him and therefore an intervention would not have had any effect.
- During a fraud call Mrs O did not provide the real reason she was making the payments in question.

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.

I have carefully considered the points that HSBC has raised alongside all of the available evidence.

In relation to the payment value I agree that taken on their own the payments were not large, and they were made on different days at the start of the scam. But that is not all that I need to consider. I must consider if the payments were unusual compared to the usual activity on the account. In this instance, apart from two transfers of £1,000, the largest payment was around £300 and no payments had been sent to a crypto exchange before. That is why HSBC should have considered that payment 4 had an increased risk of being related to a scam.

I note HSBC comments that Mrs O's husband had done the research and had found the investment. But I also am mindful that Mrs O knew what he was doing, so I think had a warning been given that they might be being scammed she would have questioned her husband about this. Given that Mr O had raised concerns in the scam chat around this time those two things taken together would have been enough for Mr and Mrs O to look into the investment scheme further. Additionally, given that Mrs O is a carer for Mr O and is unemployed I don't think that they would take a further risk with their life savings had a warning been given by their trusted bank.

Finally, in relation to the call, the questions asked were muddled and the call was really short, the member of staff seems to have been mainly concerned in checking if Mrs O was falling for a safe account scam. The HSBC staff member asked if anyone asked her to make the payments and it seemed that Mrs O was answering that nobody was making her make the payment and that she had made it herself. I should also add that her and her husband at this point in the scam were choosing to make payments rather than them being demanded by the scammer to release existing profits. So I don't think her answer was misleading. On balance, I think had further questions been asked about exactly what circumstances surrounded that payment she would have likely answered honestly.

So in summary, I think that HSBC should have intervened more than it did and this would have stopped the scam during payment 4. So I think that it should do the following to put things right.

Putting things right

I think that HSBC UK Bank Plc should have prevented Mrs O's loss from and including Payment 4. In calculating fair redress I've taken into account that Mrs O has received some reimbursement.

I can also see that Mrs O received money back that Mr and Mrs O understood to have been 'profit/return' from their investment. Given Mrs O was falling victim to a scam and their 'investment' wasn't genuine, I don't think this money should be attributed to any specific payment. Instead, I think this money should be deducted from the amount lost by apportioning it proportionately across all of the payments Mrs O made to the scam. This ensures that these credits are fairly distributed to each of the payments that should be reimbursed.

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My final decision

Because of the reasons given above, I uphold this complaint in part and require HSBC UK Bank Plc to do what I have set out above to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 9 January 2026.

Charlie Newton
Ombudsman