

## The complaint

Mr A complains HSBC UK Bank Plc won't refund money he lost as part of a crypto investment scam.

Mr A is being supported in making his complaint by a representative, but for ease, I'll refer to Mr A throughout this decision.

## What happened

Mr A has explained that in September 2024; after being contacted out of the blue, he joined a crypto trading group chat linked to what we now know to be a scam trading company. The scammers provided Mr A with documentation to show that the trading company was FCA registered. But the trading company Mr A was dealing with was unfortunately a clone of a legitimate FCA registered company.

Mr A opened an account with another banking provider (Bank M) and transferred funds from his HSBC account to Bank M to facilitate the scam payments. Mr A also made payments to the scam from his HSBC account. And he took out loans.

Mr A transferred funds from his HSBC account (and from Bank M) to an account in his name with a legitimate crypto exchange (which I'll refer to here as 'C'). From there the funds were forwarded to the scam trading company and unfortunately lost to the scam.

Between 3 October and 16 December 2024 Mr A made 25 card and faster payments to 'C' and to Bank M totaling just over £116,000. The payments ranged from £19.99 to £10,000.

HSBC spoke to Mr A about payments to Bank M on 18 and 19 October 2024 for £5,000 and £10,500 respectively. Mr A said these were for savings and the payments were released. HSBC didn't intervene in any other payments.

Mr A has said he believed he'd accumulated a profit of 20 million USDT and was keen to start making withdrawals. But he began suspecting he'd been scammed when he was told he needed to pay fees to make those withdrawals. At this point, Mr A contacted the actual FCA registered trading company who confirmed he'd been dealing with a scam trading company.

Mr A reported the matter to HSBC in January 2025. In summary, he thought HSBC hadn't done enough to protect him. HSBC thought it had done nothing wrong and that it had taken appropriate and proportionate steps based on the responses Mr A provided when questioned about payments to Bank M. Unhappy with HSBC's response, Mr A referred his complaint to the Financial Ombudsman.

One of our Investigators considered the complaint but didn't uphold it. Essentially, he thought HSBC should've intervened in a £10,000 payment to 'C' on 11 October 2024 and in a £20,000 payment to Bank M on 7 November 2024. He also thought HSBC could've asked more open and probing questions about potential scam risks when it spoke to Mr A on 18 and 19 October 2024.

But our Investigator didn't think any other warnings or questioning by HSBC in relation to any of Mr A's payments would've likely made a difference given how heavily influenced he was by the scammers. And that after advice from the scammers, Mr A had misled both HSBC and Bank M when questioned about the purpose of his payments.

Finally, our Investigator thought there was no reasonable prospect of HSBC being able to recover the lost funds at the point it was alerted to the scam.

Mr A disagreed and asked for an Ombudsman's final decision. In short, he agreed with our investigator that HSBC's calls with him didn't go far enough, and that it should've spoken to him about the £10,000 to 'C' on 11 October 2024 and the £20,000 payment to Bank M on 7 November 2024.

But he didn't accept that he'd been so heavily coached by the scammers to the extent that he wouldn't have been receptive to appropriate warnings from HSBC. Mr A said this was particularly true at the point of the £20,000 payment on 7 November 2024, given he'd expressed some doubt about the legitimacy of the investment with the scammers around that time. Mr A also thought HSBC should've invoked the banking protocol.

### **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 conclusion as our Investigator and for largely the same reasons. I'll explain why.

But first, I would like to say that if there's a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether HSBC was responsible for Mr A's loss.

I should also point out that whilst being mindful of previous decisions made by the Financial Ombudsman, I review each case on its own merits. And although, for background and context, I've considered Mr A's complaint about Bank M, my findings here relate only to the actions of HSBC.

As a starting point, Mr A doesn't dispute that the payments were made in line with his instructions to HSBC. So, although he didn't intend the money to go to the scammers and believed that his money was going to a legitimate investment, under the PSRs and the terms of his account, Mr A is presumed liable for his loss in the first instance.

However, taking into account the regulatory rules and guidance including the Consumer Duty, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for HSBC to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

The question then arises whether HSBC ought reasonably to have held such suspicions or concerns in relation to Mr A's payments (individually or collectively) — and if so, what might've been expected from a proportionate intervention.

So, taking all of this into account, I need to decide if HSBC acted fairly and reasonably in its dealings with Mr A when he made the payments. Specifically, whether it should've done more than it did before processing the payments – and if it had, would that have made a difference. I also need to decide if HSBC could've reasonably recovered the lost funds.

#### **Should HSBC have intervened in the payments?**

When considering this point, I've kept in mind that banks such as HSBC process high volumes of transactions each day, and that there is a balance for HSBC to find between allowing customers to be able to use their accounts and questioning transactions to confirm they're legitimate.

Further to that, where there is an interaction between a customer and a bank before a high value payment is processed, as there was here, I'd expect the bank to take reasonable steps to understand the circumstances of that payment.

I won't repeat all the rationale here, given this has already been outlined in detail by our Investigator, but I agree with our Investigator, and with Mr A, that HSBC didn't go far enough when it questioned him about the payments to Bank M on 18 and 19 October 2024. And that it should've been concerned about the £10,000 payment to 'C' on 11 October 2024 and the £20,000 payment to Bank M on 7 November 2024 and spoken to him about those payments before processing them.

But as I'll go on to explain, I'm not persuaded that *any* level of further intervention by HSBC in Mr A's payments would've likely prevented his loss.

*Would further intervention by HSBC have prevented Mr A's loss?*

For me to find it fair and reasonable that HSBC should refund the payments to Mr A would require more than a finding that it should've done more to intervene when he made his payments. Crucially, I'd also need to find that but for that failure, the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that proportionate intervention by HSBC wouldn't have revealed any of Mr A's payments were part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented them from being made.

I've given the causation point very careful thought and agree with our Investigator for the following reasons:

- Before making the payments to HSBC, Mr A is in almost daily contact with the scammers. He talks about his work and personal life, building up a strong rapport with the scammers. He also mentions his interest in crypto and how he'd been reluctant to get involved before due to the fear of getting scammed. But that on speaking to the scammers, it's clear that because of the apparent knowledge and reassurance the scammers articulated, Mr A has complete confidence in the investment opportunity on offer.
- Mr A checks the FCA regulatory status of the trading company with the scammers – to which they say: *"I can send you the regulatory certificate. There is no doubt that [the trading company] is regulated by the UK government."* This information, albeit we now know, related to the genuine trading company, provided Mr A with reassurance of the scam trading company's legitimacy.
- There's significant and clear evidence to demonstrate that the scammers were guiding Mr A on what to say when challenged about the payments by both HSBC and Bank M. The scammers justified this to Mr A by suggesting that divulging the true nature of the trades could breach confidentiality given the competitive nature of the trading industry. Mr A at no time questions this with the scammers – instead saying that he *"100% agreed"*.
- After speaking to HSBC and Bank M, Mr A updates the scammers on what he said to bypass the checks. The scammers further manipulate Mr A by reassuring him banks have his best interests at heart; but that they can be a hinderance to legitimate banking activity.
- There's a clear pattern of Mr A resorting to input from the scammers when he needed any advice or help in making the payments and/or the investment. And whatever advice he was given, Mr A followed without question or pushback; even when that advice was to mislead his banks to ensure payments were processed.
- Mr A wasn't honest with either HSBC or Bank M about the true nature of the investment. In calls with HSBC, he said payments to his Bank M account were for savings and that another payment related to the purchase of sound systems equipment. When talking to Bank M, Mr A mirrored the cover story given to him by

the scammers – despite Bank M clearly explaining that scammers will often coach their victims and tell them to lie to their bank and/or provide a cover story.

- Mr A told the scammers that his friends were asking him about the investment and were being “nosy” when he asked if he could borrow funds. This demonstrates Mr A’s overall desire to keep the investment secret – in line with the scammers’ instructions.

I’m aware that by the time of the £20,000 payment on 7 November 2024 Mr A had started to show the first signs of doubt – particularly around the need to pay a fee to make withdrawals. Mr A has argued that because of this, an intervention by HSBC in relation to this payment would’ve resonated with him and prevented further loss. I’ve given this point very careful thought.

From looking at the scam chat I can see that by the time of the 7 November 2024 payment Mr A’s concerns had been allayed after he was put in contact with another of the scammers (Prof S). Such was Prof S’s ability to reassure Mr A, that Mr A entered into a fee agreement and started the process of taking out two loans to fund the fees. Mr A doesn’t express any further concerns until around the 18 December 2024 – at which time he still turns to the scammers for reassurance and advice.

I can fully appreciate, that, with the benefit of hindsight, Mr A feels that HSBC missed a vital opportunity here to prevent further loss. But when looking at all the evidence, it’s clear to me that by this point in the scam, Mr A’s desire and motivation to release his 20 million USDT profit, combined with his underlying trust in the scammers, overrode any concerns he had about the legitimacy of the investment.

And even if HSBC had spoken to Mr A about the £20,000 payment on 7 November 2024, I think, on balance, that he would’ve more likely than not have maintained the cover story he’d provided to Bank M. A cover story that he had conveyed confidently, articulately and consistently - reassuring Bank M that he was investing for legitimate purposes.

I think it’s also likely that Mr A would’ve told HSBC that the trading company was FCA registered (which at that time he believed it to be). And so, I think this would’ve similarly reassured HSBC – meaning it unlikely, in my opinion, it would’ve thought it necessary to invoke the banking protocol. Further, if HSBC had raised any concerns during those interactions, the evidence suggests to me that Mr A would’ve likely sought reassurance from Prof S, as he had done a few days earlier.

All this leads me to conclude that it’s more likely than not, on balance, that Mr A would’ve proceeded with his payments – even if HSBC had gone further in alerting him to the risks involved and the checks he should make. Mr A was clearly completely under the spell of the scammers – at no time questioning the advice he’d been given, despite clear warnings from Bank M about the prevalence of coaching and cover stories being used as part of investment scams.

Taking all this into account, I’m not persuaded, in the circumstances of this complaint, that any proportionate intervention from HSBC would’ve likely prevented Mr A’s loss on any of his payments.

#### *Did HSBC do enough to try and recover the lost funds?*

In terms of HSBC’s attempts to recover the lost funds at the point it was alerted to the scam; I also agree with our Investigator here. The faster payments were sent to a crypto exchange (‘C’) and an account (Bank M) – both in Mr A’s name and in his control – and then onto the scammers. So, no funds remained, but if they had, they would’ve been available for Mr A to access.

And for the card payments to ‘C’, any claim under the card scheme rules would’ve likely failed given Mr A received the service he paid for – the purchase of crypto.

I have a great deal of sympathy for Mr A and the loss he's suffered, as I appreciate it is a significant sum of money. But it would only be fair for me to direct HSBC to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think HSBC has acted fairly and so I'm not going to tell it to do anything further.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

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

Anna Jackson  
**Ombudsman**