

The complaint

Mr W complains that HSBC UK Bank Plc ('HSBC') won't refund the money he lost to a recovery scam.

What happened

The events leading up to this complaint are known to both parties.

In summary, between July 2023 and January 2024, Mr W fell victim to an 'investment' scam (I'll call 'X'). When he realised he couldn't access his money and profits (about £200,000 in total), he searched online and found a company ('K') offering cryptocurrency 'recovery' services. He registered his interest and was contacted by its 'representatives'.

As part of the process, he was asked to provide K with details of his losses to the original scam and to open an account with a company ('M'). He was led to believe the account with M would act as a buffer between his accounts and those of X. He was asked to pay some 'fees' initially for the 'service'. In a matter of days he was told his funds had been recovered (seemingly by an ethical 'hacker') and were being held with M. But, as things continued, he was asked to pay an increasing number of fees, including 'legal fees', to access his funds.

He realised he'd connected with another scammer when, having paid more fees, he didn't receive any funds, and contact with the scammer then stopped. He says that, by that time, more than £20,000 was sent from his HSBC account between January and April 2024. The payments were first sent to other accounts in his name, including ones with firms ('R' and 'E') and crypto-platforms ('P' and 'C'), before they were lost to this recovery scam.

A complaint was made to HSBC in September 2024 and later referred to our Service. Our Investigator considered it and didn't uphold it. He thought HSBC had intervened when he'd have expected it to and, given the answers Mr W provided at the time, he wasn't persuaded proportionate questioning would have unravelled the scam. Mr W disagreed. He said HSBC should have intervened more than it did, its intervention didn't go far enough, he had no reason to mislead it, and better questioning would have prevented the scam.

As the matter couldn't be resolved informally, it's been passed to me to decide.

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 conclusions as the Investigator. These are the key reasons for my decision.

Authorisation

The starting position is that liability for an authorised payment rests with the payer, even where they're tricked into making that payment. It isn't in dispute that Mr W made the payments in question, so under the relevant rules (the Payment Services Regulations 2017)

they were authorised and Mr W is presumed responsible for his losses in the first instance.

Prevention

There are some situations where I consider that a firm (like HSBC) taking into account relevant rules, codes and best practice, should reasonably have taken a closer look at the circumstances of a payment – if, for example, it's particularly suspicious.

In this case, I'm not persuaded Mr W's payments to R ought to have appeared as particularly unusual considering their values and the account history. By the time this scam came about, R had become a payee Mr W had paid many times before for significant amounts. And while we now know earlier payments to R had been made as part of a previous scam, that's not something I'd have expected HSBC to have known at the time. I'm also not persuaded there was enough about payments to C and E to warrant an intervention. I don't think they should have stood out as particularly concerning when compared to previous spending, and I'm not persuaded HSBC should have treated payments to E as carrying the same elevated risks as those to a platform offering (exclusively) crypto-services.

In any event, as referred to by the Investigator, HSBC did step-in a matter of days after Mr W's payments to E. In a call with its fraud team, Mr W was questioned about his payment to P – a crypto-platform. I agree with this being the trigger point given the level of spending and what HSBC would have known about the payee. But we know that intervention didn't expose the scam. And while I've thought about Mr W's comments that better questioning would have made a difference to what happened, I'm not persuaded that's the more likely scenario here.

In his call with HSBC, in February 2024, Mr W was told the payment was held for security reasons as it matched current fraud/scams trends and that he'd be asked questions around the payment purpose and the beneficiary. Mr W asked whether the check was necessary. He mentioned having a similar conversation with HSBC a week or so earlier. The adviser continued and warned that fraudsters had coached customers into not telling the bank the truth around the purpose of the payment. Mr W said he'd not received any such request.

When asked *"What's the purpose of the transfer"*, Mr W replied *"transfer to my own account"*. When pushed, Mr W replied *"I'm transferring to another account held in my name"*. When asked *"Can you please be more specific...what account is this"*, Mr W said it was a *"trading account"*. He said he was sending funds to his wallet and there could be more payments. In reply to *"how long have you being doing crypto"* he said *"18 months two years"*. When asked *"who introduced this to you"*, he replied, *"I introduced myself"*. When asked about his checks on the beneficiary, he said *"I've been dealing with them for about two years or more, I've had good returns, and I've done my own research"*. When asked about his communication with the recipient, he said *"I don't need to communicate with them. I have an online account and once the banks eventually transfer the money I then just deal online and buy and sell"*.

He confirmed he fully understood he wouldn't get his money back if the payment turned out to be a scam. When asked if any third-party was involved in opening the crypto wallet, Mr W replied that he'd opened it and that he had full control. He confirmed he'd withdrawn funds from that wallet and that the last time he did that was that same afternoon. When asked if he was making the investment or if a company was making it on his behalf, Mr W replied *"I'm making it"*. He confirmed he could review the balance and all transactions taking place.

He was then warned about cryptocurrency being unregulated and the investment risks. He was also warned about some key aspects of crypto-investment scams – including a lack of control over a wallet and the production of false documents. In particular, he was warned specifically that being pressured into paying extortionate 'fees' for various reasons when trying to withdraw funds was likely a scam. He was asked to seek independent assistance if

he was ever in that situation. At the end of the call, the agent summarised what had been discussed and Mr W confirmed he was happy to have the payment released.

Like the Investigator, I'm satisfied HSBC's intervention was proportionate to the payment risks presented. I don't think there was anything significant about Mr W's responses that ought to have caused concerns such that it was a failure on HSBC's part not to have probed further. And I'm not persuaded Mr W was "*truthful*" during the call either, when considering the context of the questions asked and what was really going on at the time.

In my view, Mr W was given the opportunity to provide relevant information about his circumstances. I can't know for sure why he didn't. But I don't rule out him being coached by the scammers on what not to say. I'm not persuaded, for example, that referring to 'dealing' online and 'buying and selling' was a truthful response if he thought he was paying fees and taxes as part of a 'recovery' process. Nor can I accept he was truthful when he said he had 'good returns' or had been dealing for more than two years. He's told us he'd never bought cryptocurrency before the 'investment' scam began seven months earlier. Whatever the reason, Mr W's answers didn't indicate anything other than that he had experience, 'good returns', and was sending funds for investment to a wallet only he could access.

At no point was anything said to suggest he'd been the victim of an earlier scam or that new third-parties were now asking for 'fees' so he could access funds from another wallet he didn't control. I don't think HSBC was at fault for what then happened given the information it received. And, for completeness, I'm not persuaded things would have played out very differently even if I were to say HSBC should have done more than it did.

For me, Mr W was heavily under the scam's 'spell' and intent on doing what he could to try and recover funds. He continued to pay despite warnings that, sending funds to a wallet he didn't control and requests for 'fees', were red flags for scams. Looking at his emails with the scammer, it's significant he continued to send money (and borrow) despite his own concerns around unrecognised phone numbers, company addresses, requests for 'fees' he'd not been told about, broken promises, and the lack of evidence for what he was being asked to pay.

In April 2024, for example, he tells K "*you put me in touch with a fake bank [M]. All I can find is residential addresses linked...*" and "*I've had enough now of this...I feel like I've been scammed for a 3rd time*". In May 2024, "*they [M] are doing everything the scammers were doing. Just pay this and we'll send it to you. Then need to pay something else*". Later in May 2024, he tells K "*you clearly have an agreement with them [M] to scam me*". Then, "*The fact that you won't share the court order or court details is raising red flags all over the place. What you got to hide*". Again in May 2024, he tells K "*I have the wallet address I just don't have control... Anytime I've tried to remove some funds nothing happens unless I contact [M] to do it. Another scammer trick. Show you the wallet but not have control*".

Also in May 2024, he tells M he'd been advised by Citizen Advice to report M and K to action fraud and the police. I'm not sure if that happened. But I'm mindful payments continued into June 2024, despite the significant red flags Mr W had himself identified about the 'recovery' scam and the similarities to the first 'investment' scam. I'm not convinced, on balance, a proportionate warning would have been enough to stop Mr W going ahead with payments, such that I can reasonably find that HSBC should refund his losses.

Recovery

In terms of recovery, I'm satisfied there was little HSBC could have done. For the transfers, the funds were first sent to Mr W's own accounts before they were sent on to the scammer. If any remained, he would have been able to access them himself. For the card payments, a chargeback is unlikely to have succeeded as there's no dispute the merchants provided the

cryptocurrency as intended before it was lost to the scam.

My final decision

For the reasons I've given, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 31 October 2025.

Thomas Cardia
Ombudsman