

The complaint

Miss H complains that HSBC UK Bank Plc is refusing to refund her the amount she lost as the result of a scam.

Miss H is being represented by a third party. To keep things simple, I will refer to Miss H throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Miss H found an investment company I will call "X" via social media. Miss H spoke to X over the phone where an investment opportunity was discussed and she was promised a 10% monthly return. Miss H agreed to invest.

Miss H started with a small initial payment but then made higher value payments some of which were funded by her taking loans.

X then advised Miss H that it was liquidating all its accounts. Miss H tried to close her account with X and withdraw from the investment but was told she would have to make further payments first.

Miss H was unable to withdraw from the investment and having sought legal advice it became apparent that she had fallen victim to a scam.

The following payments were made in relation to the scam from Miss H's HSBC account:

Payment	Date	Payee	Payment Method	Amount
	8 January 2024	Payward	Transfer	£2,500.00
	9 January 2024	Payward	Transfer	£2,200.00
	10 January 2024	Kraken		£1,134.71cr
1	14 February 2024	Miss H	Transfer	£20,000.00
	14 February 2024	Payward	Reversed	£3,000.00
2	14 February 2024	Payward	Transfer	£2,000.00
3	15 February 2024	Payward	Transfer	£2,500.00
4	16 February 2024	Payward	Transfer	£2,500.00
5	17 February 2024	Miss H	Transfer	£10,000.00
6	17 February 2024	Miss H	Transfer	£10,000.00
	6 March 2024	Payward		£3,099.25cr
	13 March 2024	Payward	Reversed	£8,000.00
7	20 March 2024	Miss H	Transfer	£11,000.00
8	1 April 2024	Payward	Transfer	£2,000.00
	16 April 2024	Payward	Reversed	£5,000.00
	23 August 2024	Payward		£8.05cr
	27 August 2024	Payward		£298.05cr

Our Investigator considered Miss H's complaint and didn't think it should be upheld. Miss H disagreed, so this complaint has 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.

It has not been disputed that Miss H has fallen victim to a cruel scam. The evidence provided by both Miss H and HSBC sets out what happened. What is in dispute is whether HSBC should refund the money Miss H lost due to the scam.

Recovering the payments Miss H made

Miss H made the disputed payments into the scam via transfer. When payments are made by transfer HSBC has limited options available to it to seek recovery.

The payments Miss H made in relation to the scam were not made directly to the scammer. Instead, they were made either to another account in her name and moved on from there, or to a legitimate cryptocurrency exchange in exchange for cryptocurrency.

If any funds remained in Miss H's own account that she made payments to they would not need to be recovered as she would remain in control of them.

As there is no dispute that cryptocurrency was provided to Miss H in exchange for the payments Miss H made to the cryptocurrency exchange, and it took further steps for those funds to end up with the scammer any attempt to recover the payments would have no prospects of success.

So, I don't think HSBC had any reasonable options available to it to seek recovery of the payments Miss H made.

Should HSBC have reasonably prevented the payments Miss H made?

It has been accepted that Miss H authorised the payments that were made from her account with HSBC, albeit on X's instruction. So, the starting point here is that Miss H is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether HSBC should have been aware of the scam and intervened when Miss H made the payments. And if it had intervened, would it have been able to prevent the scam taking place.

Although payment 1 was made to another account in Miss H's name it was for a large amount that I think should have caused HSBC to have concerns that Miss H may have been at risk of financial harm. So, I think it should have intervened.

I can see that HSBC did intervene when Miss H made payment 1 and warning screens were provided to her. Miss H was warned that the payment could be fraud, and she was provided with information that covered some of the scams HSBC were seeing at the time. Miss H then decided to continue with the payment.

Considering the value of the payment I don't think the intervention provided by HSBC was

proportionate to the risk the payment presented. I think that a proportionate intervention would have been for HSBC to have spoken to Miss H with the intention being to understand the background to the payment and then give a proportionate warning. I also think HSBC should have intervened in the same way when Miss H made other large payments later in relation to the scam. But I don't think any further intervention would have made a difference, I will explain why.

Miss H funded some of the scam by making payments from another account she held with another provider. When she made payments from that account the other provider did intervene, and calls took place between Miss H and that provider. I have listened to recordings of these calls.

During the calls the payments Miss H was making were discussed. Miss H was warned about the importance of providing honest information and confirmed:

- She had not downloaded remote sharing software
- No one was advising her on the investment
- No Broker or financial advisor was involved
- She wasn't speaking to a third party
- She was keeping the cryptocurrency in her own wallet and wasn't moving it anywhere else
- She hadn't been asked to lie
- She had not been offered an investment
- The money Miss H was using had come from her savings

Miss H confirmed the same incorrect information multiple times during the calls. Despite Miss H giving incorrect information she was still warned several times about the types of scams prevalent at the time and that it was unlikely her funds would be recovered if it turned out to be a scam. Miss H had multiple opportunities to tell the other provider the correct purpose of the payments she was making.

In addition to the incorrect information Miss H provided during these calls she also funded the payments by taking loans. Miss H gave incorrect reasons for the loans when she applied for them.

Providing incorrect information would have made it extremely difficult for HSBC to uncover the scam that was taking place. As I don't have enough to say that Miss H would have been any more honest had HSBC intervened further in the way I have said it should have done, I don't think HSBC missed an opportunity to prevent the scam and it is not responsible for Miss H's loss.

Miss H has further said that when taking a loan, she was unable to select investment as a purpose. Miss H has pointed to other decisions made by this service to support her view that selecting an incorrect reason doesn't mean that HSBC should not have uncovered the scam.

All complaints have different circumstances, so I won't be considering the outcome of other complaints here. In Miss H's case she applied for loans giving an incorrect reason. I don't think it was reasonable that Miss H misled the loan provider by making an incorrect selection and if she needed to take a loan for a purpose not listed, she should have checked with the loan provider that this was acceptable. Also, as explained above, the reasons Miss H selected for taking loans was not the only reason I have decided Miss H's complaint should not be upheld.

Miss H has also said that a substantial warning would have made a difference and avoided the scam. I have thought about what Miss H has told us but as I have explained above, Miss

H provided incorrect information on multiple occasions and ignored warnings provided to her. I don't think any further intervention would likely have made a difference.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 6 November 2025.

Terry Woodham
Ombudsman