

The complaint

Mr K has complained HSBC UK Bank Plc won't refund multiple payments he says he made and lost to scams.

Mr K is represented by a professional representative, but for ease I will just refer to Mr K throughout.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mr K fell victim to an investment scam after coming across an online advertisement for a trading company. After clicking on the advert and entering his personal details, he was introduced to an investment scheme that encouraged investors to begin with a minimum deposit of £250. He completed due diligence by conducting online searches and found no red flags. Instead, Mr K came across positive reviews, which bolstered his confidence in the company. Additionally, the scammers provided documents such as certificates, detailed corporate information, completed KYC checks with him and then gave him access to a sophisticated trading platform which aligned with publicly available trading data. After believing he had made profits, he says he was able to withdraw £10,000 which added to his trust in the platform.

However, Mr K subsequently lost all funds that he invested and a recovery company (also scammers) contacted him to say they could recover the lost funds. They informed him they had located his funds in a wallet and presented themselves as knowledgeable and trustworthy. To recover these funds, they required Mr K to pay them 1% of the total amount being claimed. Subsequently, he was asked to pay further fees without his funds having been recovered.

Mr K later realised he had been scammed in each instance and raised his concerns with HSBC. In total he says he transferred the scammers over £800,000 between 2022 and 2024. However, HSBC did not compensate him as it did not think it acted incorrectly. It found that each time an intervention occurred Mr K misled it as to his true intentions for making the payments. Unhappy with this Mr K referred the complaint to our Service.

Our Investigator looked into things but didn't recommend the complaint be upheld. They weren't persuaded, on balance, that HSBC could have prevented Mr K from falling victim to the scams when he was not being forthcoming with the reasons for the payments. Mr K disagreed and requested a decision.

As our Investigator couldn't resolve the matter informally, the case has been passed to me for a final decision.

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'm aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I don't doubt Mr K has been the victim of a scam here; he has lost a large sum of money and has my sympathy for this. However, just because a scam has occurred, it does not mean Mr K is automatically entitled to recompense by HSBC. It would only be fair for me to tell HSBC to reimburse Mr K for his loss (or a proportion of it) if: I thought HSBC reasonably ought to have prevented all (or some of) the payments Mr K made, or it hindered the recovery of the payments Mr K made – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether HSBC treated Mr K fairly and reasonably in its dealings with him, when he made the payments and when he reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Mr K's complaint. I know this will come as a disappointment to Mr K and so I will explain below why I've reached the decision I have.

I have kept in mind that Mr K made the payments himself and the starting position is that HSBC should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) he is presumed liable for the loss in the first instance. I appreciate that Mr K did not intend for his money to ultimately go to fraudsters, but he did authorise the payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - HSBC should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so (when considering payments made post-Consumer Duty).

So, I've thought about whether the transactions should have highlighted to HSBC that Mr K might be at a heightened risk of financial harm due to fraud or a scam.

With this in mind, I do think that HSBC ought to have intervened while Mr K was making the payments. I can see HSBC did in fact do so – intervening on payments Mr K was attempting to make from the start of the first scam and continuing throughout. However, although different financial entities intervened, which consisted of written and verbal interventions, Mr K was not completely open and truthful as to why he was making the payments. Mr K gave a variety of reasons for the payment purpose: friends and family, his own savings, sending money around his accounts and investments. Throughout the 16 interventions completed by HSBC Mr K instead chose to alleviate the bank's concerns by giving misleading answers that ultimately appeased it. The warnings which came with these interventions were similarly disregarded.

Having listened to all the calls that took place, Mr K informed HSBC of the following to ensure his payments completed in line with his request:

- He was transferring the funds due to higher interest rate offers and does so often to wherever he can benefit most.
- He was able to make withdrawals without paying any additional fees.
- He hadn't been asked to download any software for someone to gain access to his device.
- He had made similar investments to this before.
- He had been investing using this financial service for the last three years.
- He came across the investment from his own research and it was a friend of his that also used the platform for trading.
- He was moving the funds, so they were not all stored in one and used another account as the central distribution one to do so. Not all funds were being made to the same investment.
- He wasn't being coached by anyone and no-one had told him how to answer the questions.
- He had done background checks online, including ensuring the company was genuine. He said they were a regulated company and listed on the FCA register.
- He didn't think it mattered what payment purpose he selected as fraud warnings always came up on every transaction and he'd read them all before.

During these interventions HSBC highlighted to Mr K it had seen a rise in investment scams, with scammers creating fabricated documents and screenshots as part of the scam and being coached to lie during bank interventions. However, the victims subsequently found they had no control over their investment account. It also pre-emptively warned Mr K about being wary if ever asked to make further payments in the forms of taxes, fines or extortionate fees as it would be part of a scam. Yet, Mr K continued to trust those who later turned out to be scammers, over the bank.

Considering what Mr K informed his other bank, he was not sharing accurate details of his payments - and ultimately this evidences the level of influence the scammers had over him.

Additionally, Mr K allowed at least one of the scammers access to his system via screensharing software, reverted back to them when his account was blocked and asked for confirmation of what to say to the bank. As Mr K believed these to be genuine companies he was dealing with, but for being heavily coached, it would not make sense as to why else he was willing to mislead the financial entities that intervened. I do accept Mr K's desperation to recover his invested funds would have added to his decision to be evasive during the second scam – which is likely why he continued informing the bank he was investing and not that he was paying towards recovering lost funds. So, I'm not persuaded HSBC would have been able to uncover either scam.

Having listened to the available calls the questions HSBC asked were appropriate – and ultimately the interventions must not amount to an interrogation and overall, I think they were sufficient. I am satisfied enough information was brought to Mr K's attention to put him on notice, considering his awareness of the wider details of his investment he hadn't shared, that there could be a risk of fraudulent activity. I've also kept in mind that even where HSBC stated it felt concerned during a call on 21 February 2024 Mr K continued offering vague answers – instead attempting to avoid sharing details of what he was doing. When HSBC continued to question him, he informed it that the risk was his to take and they were his funds to lose.

This did not deter Mr K from proceeding with sending funds to the scam and he continued doing so. Whenever an intervention occurred Mr K continued providing reassurances, whilst being evasive as to the true purpose of his transfers. If Mr K had been more forthcoming with his answers HSBC would likely have recognised he was falling victim to a scam and stopped his losses from the outset. However, as Mr K chose not to be open with HSBC I do not think it would be reasonable to say it failed in its duty to protect him.

I've also noted that another of Mr K's banks intervened as well on multiple occasions. During these interventions Mr K was not open and honest – selecting the incorrect payment reason of "Payment for goods and services" which triggered questions and a tailored warning that wasn't applicable to his circumstances. Such a warning then did not resonate with him. Even where he selected for an investment he did heed the tailored warning giving. He then reverted to selecting the payment reason as "Buy or rent goods or services" – stating he was buying car parts and the seller was waiting on payment, when additional questions were asked via human the in-app chat. Similarly, Mr K did not confirm when questioned that he was being guided.

Considering all these interventions, and Mr K misleading the banks throughout, I'm not persuaded that even had HSBC probed further or more often it would have stopped Mr K from proceeding. It's most likely Mr K would have continued to provide HSBC with credible answers that would have reassured it of any concerns it may have had. Therefore, I do not think HSBC could have prevented Mr K's loss. However, as Mr K also had access to at least two other accounts (which were also used during these scams) even if HSBC had stopped him he would most likely have found another way to make the payments – such as using another of his accounts. Additionally, I've seen no evidence which suggests the influence the scammers had over Mr K was starting to wane as the scams progressed and that HSBC missed an opportunity to break the scammer's spell.

I am sorry to hear about the vulnerable situation Mr K was in at the time of the scam and how the alleged scammers may well have used this to ensure he invested. The repercussions such a cruel scam has had on Mr K is not something I have overlooked when reaching my decision. However, I have not seen a pattern emerge that would have highlighted to HSBC that Mr K was in such a vulnerable position, or that his situation may have been impairing his decision-making during this scam. I am empathetic towards him, but I do not consider his vulnerabilities, in isolation of any other clear indicators of a potential risk of financial harm, to be something that should have triggered further red flags for HSBC.

I have noted another of Mr K's banks did compensate him for some of his losses incurred through it. However, just because one bank decides to make an offer does not mean the other financial entities Mr K used to transfer funds to the scammers must do the same.

I am sorry to disappoint Mr K, but I cannot say that the losses Mr K incurred were due to any failings of HSBC.

Recovery

I have gone on to consider if HSBC took reasonable steps to try and recover the funds. It's important to note he didn't instruct HSBC to send the money directly to the scammers. Mr K completed the transfers to his own account. All the funds were then sent on to a wallet address provided by the scammer. HSBC would only ever have been able to attempt to recover the funds from his own account. If these funds had not already been transferred to the scammer, they would be in Mr K's control to access as and when he chose. Therefore, I won't be asking HSBC to do anything further.

The Contingent Reimbursement Model Code

Although HSBC has signed up to the Contingent Reimbursement Model Code, the payments Mr K made from his HSBC account aren't covered by the Code because he made the payments from his HSBC account to his other account and not to another person. I cannot fairly and reasonably say that HSBC should have to refund payments under the Code when it doesn't apply here.

So, in light of all of the above findings, there's no fair and reasonable basis under which I can ask HSBC to reimburse Mr K's loss.

My final decision

My final decision is I do not uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 April 2026.

Lawrence Keath
Ombudsman