

The complaint

Ms G complains that HSBC UK Bank Plc won't refund money she lost when she was a victim of an investment scam.

Ms G is represented by a firm I'll refer to as 'R'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here. I sent my provisional decision on this complaint on 12 August 2025. I said:

"In 2018 Ms G was introduced to an investment opportunity – that involved crypto mining – by a property investment company ('X') that she'd been dealing with for several months to build a property investment portfolio. Ms G had attended various online and in-person workshops with X along with meeting their director. The firm recommended, which I'll refer to as 'IA', we now know to be a scam. Ms G dealt with 'C' – the 'managing director' of IA.

Ms G entered into a lease agreement(s) with IA for three 'packages' of crypto mining equipment – for £36,000 each. Ms G made payments of £72,000 and £36,000 to IA, from her HSBC account, on 6 June and 4 July 2018 respectively. Ms G made these payments by telephone banking.

Ms G didn't receive the expected returns – that being projected returns of 2.1 - 2.3 BTC per month payable to her crypto wallet. C explained to Ms G this was due to the transfer of crypto being susceptible to hacking. And so, C said they would visit Ms G and physically transfer the crypto by way of flash drive – but this didn't happen. C then later explained he was creating his own crypto exchange, for the specific purpose of transferring the crypto, but that he required a loan of funds to keep the mining operation going – otherwise there was risk the whole venture would collapse. Ms G agreed to loan £30,000 to IA – and she sent this across two payments, £25,000 and £5,000, on 24 and 25 September 2018 respectively.

Ms G has explained that she realised she'd been scammed when IA didn't repay the loan, as agreed, and then became uncontactable. She then went to the police who confirmed it was a scam.

R complained, on Ms G's behalf, to HSBC in May 2024. In short, they said:

- *As Ms G's account activity was out of character, HSBC should've intervened strongly with a view to exposing the scam. And had HSBC done so in line with industry standards, the scam would've been exposed and Ms G's loss prevented.*
- *An appropriate intervention, whereby HSBC asked Ms G open and probing questions, would've uncovered the hallmarks of an investment scam:*
 - *Ms G was investing with an unregulated firm, and she didn't understand the importance of FCA regulation when investing.*

- Ms G was put under pressure to make payments.
- Ms G was a vulnerable customer and unfamiliar with the risks of investing.
- It is understandable why Ms G felt the investment was real and believable – as she was provided with a lease agreement and a company brochure, she was able to review IA's website, she would receive spreadsheets showing mining performance and C would regularly speak to her for long periods about the investment.
- Ms G was vulnerable at the time due to the passing of her husband, and several health conditions that affected her physically and psychologically.
- Banks are expected to have policies and procedures in place to identify vulnerable customers. And here, if HSBC had intervened appropriately, they should've noted Ms G's vulnerability and taken steps to ensure she wasn't being scammed.
- Ms G had no previous experience with crypto, and she was unfamiliar with investing – having only invested with X previously.
- HSBC is expected to monitor account activity for signs of fraud. And this case had the red flags associated with a crypto scam.
- HSBC should refund Ms G and pay 8% simple interest.

HSBC didn't uphold the complaint. They said all payments were subject to fraud checks before release – including confirming with the beneficiary bank the account name and details matched. They also found that IA been a genuine company that is no longer active, having since been dissolved - and when a company is registered it becomes a civil matter between the parties. HSBC added that these payments were made before the Contingent Reimbursement Model (CRM) code came into effect and so aren't covered by it. And that they'd reached out to the beneficiary bank to try to recover the funds, which they would update R on accordingly if successful.

The complaint was referred to the Financial Ombudsman. Our Investigator thought it should be upheld in part. They said when HSBC spoke with Ms G about the £72,000, although she was asked what the payment was for, to which Ms G explained that she was paying for a lease on equipment, HSBC didn't ask enough probing questions to establish if Ms G was at risk of financial harm from fraud. And so, an opportunity was missed.

Our Investigator thought appropriate questioning would've led to Ms G explaining she was making the payment for a crypto mining investment, which they considered Ms G wouldn't have been able to explain how it worked given her inexperience in this field. He also thought HSBC would've uncovered that the lease agreement hadn't been signed by IA – which indicates they weren't a legitimate firm. And they considered HSBC should've directed Ms G to check if IA was regulated and authorised by the Financial Conduct Authority (FCA) and explained the risks of investing with unregulated companies. Our Investigator thought Ms G would've listened to investment scam warnings presented by HSBC and carried out further research before proceeding – which, in turn, would've led to her not making the payments. But they also thought Ms G should take some responsibility for her loss too – as she didn't carry out any checks on IA but relied solely on X's recommendation and, despite not receiving the expected returns, made a further investment payment and agreed to loan funds. He recommended HSBC refund 50% of Ms G's loss, plus 8% simple interest.

HSBC disagreed. In short, they've said:

- The Investigator's view is with the benefit of hindsight – with the payments

made before the CRM code came into effect and when the hallmarks of crypto scams were known.

- Ms G having an investment property portfolio demonstrates she is a sophisticated individual and an experienced investor. And Ms G reasonably should've completed further checks into the opportunity before proceeding.*
- Ms G wasn't contacted out of the blue about this opportunity but she was referred by a legitimate property portfolio manager who she was dealing with at the time. So, even if they had questioned where the opportunity arose from, Ms G would've advised them of this and they wouldn't have identified any red flags in her testimony.*
- They consider Ms G knowingly and purposefully misled them about the surrounding reason for the payments – as she stated it was for equipment leasing. It cannot be safely concluded that any further probing would've brought the scam, or any red flags, to light. There weren't any missed opportunities or red flags in their calls with Ms G that reasonably indicated she could possibly have been the victim of a crypto scam.*
- The conclusions reached here are different to the approach the Financial Ombudsman has taken on other cases where it has been found the customer purposefully misled the bank about the purpose of payments.*
- If the bank is held liable, 8% simple interest isn't fair or reasonable – as Mrs G was investing in a speculative scheme. It's fair to assume Ms G would've invested in a similar scheme, with no guarantee of returns, and so she could be profiting by applying 8% given the period of low interest rates.*
- Any period of interest should only run from when the complaint was received, or reimbursement declined, given Ms G's complaint was brought some six years after the payments were made.*

Our Investigator considered HSBC's additional points, but their position didn't change – as they thought appropriate probing would've led to the uncovering of the scam. And they thought 8% simple interest was fair, as the delay in the complaint being brought to the Financial Ombudsman was due to a police investigation being undertaken that ended in 2023.

HSBC still didn't agree with our Investigator. They didn't accept they missed any red flags and remained of the view that Ms G knowingly and purposefully maintained a lie throughout her interactions with the bank. But even if they accepted, which they don't, that further questions could've been asked, Ms G would've gone ahead with the payments anyway.

R has also, in short, added:

- Some of the reasons for a reduction in the award, due to contributory negligence on Ms G's part, were based on checks that could've happened only after the first payment was made (such as not receiving the expected returns). It therefore seems unreasonable to assign contributory negligence on this basis.*
- Ms G's medical and personal history led to her being specifically susceptible to such a scam at the time she was targeted by C.*
- Ms G was an inexperienced investor. And she was unable to obtain help from a financial adviser as, those she had approached said they couldn't assist due to her dual nationality which required her to file taxes in the other country.*
- Ms G did her best to review the investment – including reviewing the paperwork and checking IA on Companies House at the time, which shows C's mother listed [as the director]. Ms G also didn't know the importance of*

checking the FCA register, or how to check IA were registered (or had to be).

- HSBC should've identified Ms G's vulnerability and taken extra steps to make sure she wasn't being scammed.*
- Crypto scams were prevalent and well-known to HSBC at the time. With Action Fraud having released a warning about them in April 2018. So, HSBC was aware of the risks involving crypto mining scams.*
- Ms G has never claimed to be, and never has been, an experienced investor.*
- HSBC could've easily uncovered the scam had they asked basic effective questions. And Ms G was open and honest throughout her interactions with HSBC – clearly stating the payment(s) was for leasing machinery for ten years. HSBC didn't however ask what the machinery was or why the lease was for so long.*
- The delay in reporting the scam isn't relevant to interest awards as it wasn't Ms G's fault – as she was advised by the police to take no action of any kind until they'd completed their investigation. And 8% simple interest should be applied in this case to recognise Ms G's loss of use of money – which is the standard approach taken by the Financial Ombudsman.*

The matter has been passed to me to decide.

What I've provisionally 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'm not currently minded to uphold it. I know this is not the answer Ms G is hoping for and so this will come as a disappointment. I'm really sorry to hear about the loss she's suffered and so, I can understand why she'd want to do all she can to recover it. But I need to decide whether HSBC can fairly and reasonably be held responsible for Ms G's loss. And I don't think they can, I'll explain why.

But first, I would like to say that I've considered this case on its own merits and I've summarised it in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether HSBC could've prevented Ms G's loss.

In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn't disputed that Ms G knowingly made the payments from her account and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, HSBC are expected to process Ms G's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, 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 Ms G's payments - and if so, what might've been expected from a proportionate intervention at that time. 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.

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

Here, as the first two payments were made by telephone banking, Ms G did speak with HSBC at the time. And I think there was justification for an intervention by HSBC prior to processing the first two payments given their high value – which was more than Ms G typically spent on her account.

But for me to find it fair and reasonable that HSBC should refund Ms G requires more than a finding that HSBC ought to have intervened. I would need to find not only that HSBC failed to intervene where they ought reasonably to have done so or in the way they ought to have done - but crucially I'd need to find that but for this 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 such a proportionate intervention by HSBC wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold them liable for not having prevented them from being made. In thinking about this, I've considered what a proportionate intervention by HSBC at the relevant time would've constituted, and then what I think the result of such an intervention would most likely have been.

To reiterate, HSBC's primary obligation was to carry out Ms G's instructions without delay. It wasn't to concern themselves with the wisdom or risks of her payment decision. In particular, HSBC didn't have any specific obligation to step in when they received a payment instruction to protect their customers from potentially risky investments. The investment in IA wasn't an investment HSBC was recommending or even endorsing.

HSBC's role here was to make the payments that Ms G had told them to make. Ms G had already decided on that investment. And I find that HSBC couldn't have considered the suitability or unsuitability of a third-party investment product without themselves assessing Ms G's circumstances, investment needs and financial goals.

Taking such steps to assess suitability without an explicit request from Ms G (which there wasn't here) would've gone far beyond the scope of what I could reasonably expect of HSBC in any proportionate response to a correctly authorised payment instruction from their customers.

That said, I think it would've been proportionate here for HSBC, as a matter of good industry practice, to have taken steps to establish more information about the first two payments when they had the opportunity to; given they were initiated over the telephone.

What matters here is what those steps might be expected to have uncovered at the time. At which point, I've noted HSBC's view that Ms G knowingly and purposefully misled them about the surrounding reason for the payments. But I disagree. HSBC's questioning of Ms G about the payments was limited and I'm satisfied she answered

their questions accurately – as she was making the payments for what she genuinely believed was the leasing of equipment. I appreciate that the equipment being leased was part of an investment for mining crypto. Nevertheless, HSBC didn't ask what the equipment was for, and I can't reasonably hold Ms G responsible for this. Nor can I reasonably expect that Ms G would've known what information was relevant to HSBC as part of their fraud prevention checks. Instead, the onus was on HSBC to carry out appropriate questioning to understand the surrounding circumstances of the payment – thereby allowing them to establish if Ms G was at risk of financial harm from fraud. Ms G was required to answer HSBC's questions accurately which, as I've said, I'm satisfied she did.

I've therefore thought about what would've likely happened if HSBC had questioned Ms G further about the payments she was making. I think it's likely Ms G would've explained that it was for the lease of crypto mining equipment as part of an investment, and that this opportunity had arisen from a recommendation from a property management firm that she'd been working with.

HSBC ought to have been mindful of the risk of a potential investment scam. And as the payments were related to crypto, HSBC should've also been considerate of the risks this posed too. At which point however I should note that crypto scams, while on the rise in 2018, weren't as prevalent as they have been in recent years. And the Action Fraud warning that R has shared focusses mostly on crypto scams involving adverts with celebrity endorsements or unsolicited investment offers involving cold calls. In Ms G's case, the scam she fell victim to was more sophisticated than those being alluded to in Action's Fraud's warning – as it neither relied on an advert with a celebrity endorsement nor was offered during a cold call, instead it originated from a recommendation from a trusted individual from a genuine property investment company that she'd been investing with.

Because of this, HSBC's questioning about how the opportunity arose wouldn't have uncovered the common crypto scam red flags referred to in Action Fraud's warning. And HSBC would've likely been reassured that Ms G had received the recommendation from a trusted party. That said, it would've been prudent for HSBC to probe Ms G further – such as asking what checks she had undertaken on the firm she was investing with, whether she had received any contract or investment literature and/or if she was being pressured to invest.

Ms G would've been able to explain to HSBC that she had received a brochure from IA, which set out details about the firm and the investment, as well as a lease agreement that appeared professional in appearance. I'm aware that the lease agreement Ms G held wasn't signed by IA at the time. However, I think it's very unlikely that this would've come to light in any proportionate intervention carried out by HSBC – as I wouldn't reasonably expect them to specifically question whether the agreement had been signed. Instead, I think HSBC would've been reassured by Ms G's receipt of such paperwork. In any event, even if it was brought to HSBC's attention, then a recommendation for the agreement to be signed before proceeding to invest would've likely led to it happening (and so the scam wouldn't have been uncovered from this anyway).

R has referenced that HSBC should've identified the hallmark of an investment scam being IA wasn't a regulated firm. But crypto, and its mining, is largely an unregulated activity. And so, I wouldn't reasonably have expected HSBC to have identified the scam due to this alone. Nor would the absence of IA being on the FCA's register have demonstrated this either. There also, from my own historical internet search, doesn't appear to any information available from the time indicating IA as a potential

scam. So, any advice for Ms G to carry out further research on IA, including checking the FCA's website, wouldn't have given her, or HSBC, enough reason to think they weren't legitimate.

R has also told the Financial Ombudsman that Ms G checked Companies House at the time of making the payment(s) and found C's mother (who she considered a co-director of IA) listed as director of a company – 'IA Ltd'. Having reviewed this firm on Companies House, it wasn't incorporated until 29 August 2019 and so, after the payments were made. C's mother however was showing as a director of another company that had previously used a similar name – 'IA Solutions Ltd'. And so, I think Ms G likely saw this firm's details and would've told HSBC that she'd checked IA on Companies House and had seen it was a legitimate firm.

Considering all of this, and that Ms G has only referred to being pressured by C into making the £30,000 loan, I don't think HSBC could reasonably have uncovered that she was falling victim to a scam at the time of the first two payments. But rather, I think it's likely that HSBC would've considered Ms G was making the payments for a legitimate, albeit high-risk and unregulated, investment.

HSBC could've arguably given warnings about the high-risk nature of crypto and the lack of consumer protection. But even if they did this, I don't think this would've deterred Ms G from making the payments. This is because, although in R's complaint submission they say Ms G didn't have any prior crypto experience, her HSBC bank statements show otherwise – with crypto activity, from what I've seen, as far back as August 2017. And so, while Ms G might not have been an expert in crypto mining, I'm satisfied she had some crypto investment knowledge and experience. Because of this, I think Ms G would've likely been aware, to some degree, of the volatile nature crypto posed along with the potential for significant returns.

Further to this, Ms G has confirmed that prior to investing with X, she had "run the figures and documentation by [her] accountant...before agreeing to invest any money". This, to me, suggests she was aware of the need to carry out due diligence before proceeding with making investment decisions. And that, while not a financial adviser, she had professional support available to her when making the decision to invest with IA (with the evidence provided to our service by Ms G showing she did obtain the accountant's advice during the scam itself).

R has also highlighted Ms G's vulnerability to the scam and that HSBC ought to have identified this at the time, thereby prompting additional action to protect her. I'd like to firstly say that I do not wish to underestimate the impact of Ms G's health conditions, or the passing of her husband, has had. But I've not seen anything to show HSBC was made aware of any vulnerabilities. And having listened carefully to the conversations Ms G had with HSBC, I think she spoke confidently, coherently and in a calm manner. Because of this, I'm not persuaded that HSBC ought to reasonably to have suspected any underlying vulnerability which might have given them reason to think Ms G could be at an increased risk of falling victim to a scam.

In any event, all things considered, I don't think it would've been readily apparent when

Ms G made the first two payments that IA might be fraudulent rather than a high risk investment. I simply don't think HSBC could've uncovered information – especially through proportionate enquiry in response to a payment - that would've led to significant doubts about the legitimacy of IA at that point in time. Neither do I think Mrs G could've uncovered such information at the time – she wasn't at fault here.

I've also thought about the last two disputed payments – of £25,000 and £5,000 on 24 and 25 September 2018 respectively. Although I appreciate these weren't insignificant sums, the prior activity on Ms G's account had normalised this type of spending. And IA would've been recognised by HSBC as having been an established payee for Ms G – of which, prior checks, as per above, would've reassured them of their 'legitimacy'. Because of this, I don't think there would've been enough reasons for HSBC to suspect Ms G was at a heightened risk of financial harm from fraud when making these payments. So, I wouldn't reasonably have expected HSBC to have carried out any further checks before processing the last two payments upon receiving Ms G's instruction.

To recap, I can only reasonably expect any intervention or enquiries made by HSBC to have been proportionate to the perceived level of risk of IA being fraudulent. I don't think that a proportionate enquiry – in respect of the first two payments - would've led to either HSBC or Ms G considering IA being anything other than legitimate. With that in mind, and all considered, I'm not persuaded that HSBC was at fault for carrying out the relevant payment instructions, or for not preventing Ms G from making her payments.

In terms of trying to recover the lost funds; I'd expect HSBC to attempt this at the point it's alerted to the loss – as it did here. But about six years had passed by this point and so, there was little chance of recovery. HSBC did however do all it could do, that being contacting the beneficiary bank. However, having seen the beneficiary account statements, it seems the funds Ms G sent to IA were used.

I have a great deal of sympathy for Ms G and the loss she's suffered. But it would only be fair for me to direct HSBC to refund her loss if I thought they were responsible – and I'm not persuaded that this was the case. And so, I'm not going to tell HSBC to do anything further.

My provisional decision

My provisional decision is that I do not uphold this complaint."

HSBC accepted the provisional decision.

R didn't agree and, in short, they said:

- They asked me to reconsider whether HSBC should've viewed the situation more critically and acted on their own and in a proportionate manner to ensure Ms G was protected. And examine whether there were enough red flags that should've warranted HSBC to ask more than just one question about what the money was for.
- They set out some of the general expectations of banks during interventions, which include:
 - Banks need to ask open, probing questions when intervening.
 - Banks need to hold up customer answers to a reasonable level of scrutiny.
 - Banks need to use their knowledge of fraud types and trends when questioning victims.
 - Banks must exercise reasonable skill and care, pay due regard to customers' interests, and follow practices to safeguard accounts from fraud.
- Although the CRM code came into effect after Ms G's payments, the principles of customer protection predated it. To find HSBC has zero culpability ignores the responsibility of banks to prevent Authorised Push Payment (APP) scams, and sets too low a bar for banks.
- These payments were high value, to a new payee and inconsistent with Ms G's

typical spending. Good industry practice required HSBC to intervene proportionately, especially during the phone calls for the first two payments. More questions should've been asked by HSBC in these calls.

- They disagree that the scam wouldn't have been uncovered if this happened, with the most minimal and proportionate probing leading to a discussion of crypto.
- They provided various online articles referencing malicious software and hacking in relation to crypto mining. And, in addition to these articles, they referenced Action Fraud's warning of April 2018 highlighting risks like unsolicited offers and high returns (hallmarks here).
- HSBC could've contacted the receiving bank to verify the account's legitimacy as a business account. The Police did exactly this in a preliminary investigation and immediately found the account was personal, not business-related, and used for non-investment purposes.
- For the later payments, familiarity with the payee shouldn't have lowered scrutiny but quite the opposite – as, by then, there was no inflows or promised returns and so, further investments should've been a red flag for HSBC. And follow up enquiries could've included whether returns had been received or whether there was evidence that minding was underway.
- They highlighted Ms G's vulnerabilities at the time of the payments and that FCA guidance required banks to identify vulnerability at key touchpoints like fraud interventions.
- Ms G did as much as an intelligent customer – but not a sophisticated investor – could. She checked Companies House and reviewed documentation.
- This was Ms G's first major investment and had HSBC flagged the personal account or unregulated status to her, she would've paused the payment(s).
- If HSBC had made limited and further enquiries that only they could've then they would've discovered the receiving bank account was being used solely for personal purposes. So, this is why Ms G claims at least contributory compensation from HSBC.
- They asked for various questions they've put forward – in regard to HSBC's role in what happened, what HSBC ought to have done and what Ms G would've likely done had proportionate actions been taken by the bank - to be re-considered before I make my final decision.
- 50% shared liability, plus 8% simple interest, is fair here.

Given both parties have had the opportunity to respond, I can now proceed with making my final decision on this complaint.

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've given careful thought to the additional points raised by R, but I'm not persuaded to depart from the outcome I reached in my provisional decision. I'll explain why.

I'd again like to empathise with Ms G's situation and the loss she's suffered. I appreciate this has impacted her greatly. So, I want to reassure her that I've not made this decision lightly. But if I don't refer to a specific point then it isn't because I haven't considered it. Instead, as I've previously said, it's because my findings focus on whether HSBC could've prevented Ms G's loss.

Many of the points R has put forward in response to my provisional relate to HSBC's role in what happened and their responsibility to protect their customers from financial harm from fraud. This however isn't in dispute. As per my provisional decision, HSBC had an

opportunity to establish whether Ms G was at risk of financial harm from fraud as the first two payments were made by telephone banking. And I agree with R that the first two payments weren't consistent with Ms G's typical account spend. Because of this, I think HSBC should've carried out additional checks – beyond what they did – before processing these payments. And, as R has said, this should've involved asking Ms G open and probing questions, along with holding up her answers to a reasonable degree of scrutiny.

The failure to carry out such an intervention however – which I consider would've been proportionate in the circumstances of the first two payments – doesn't mean that HSBC is responsible for Ms G's loss. Rather I would need to establish that, but for this failure, the subsequent loss would've been avoided – 'causation'. I've therefore reconsidered, taking into account the additional points put forward by R, whether a proportionate intervention by HSBC would've revealed the payments were being made as part of a fraud or scam. Having done so, I'm not persuaded it would.

I accept that a reasonable amount of probing would've likely led to Ms G explaining the payments, for the leasing of equipment, were for crypto mining investment purposes. And although crypto investment scams have since become far more prevalent in recent years, HSBC should've had some awareness of the risks crypto posed in 2018 when these payments were made. That said, although R has again referenced Action Fraud's warning of April 2018, for the reasons I've already explained, this wasn't particularly relevant to the scam

Ms G fell victim to. The investment opportunity didn't arise from an unsolicited offer but came from a recommendation from a trusted individual from a genuine property investment company that Ms G had been investing with. And while high returns were promoted as part of the investment, which can be a potential indicator of a scam, this alone wouldn't have been enough to confirm IA was a scam firm – particularly as high returns can be achievable in crypto.

I've also considered the articles R has provided to support their argument that HSBC should've been familiar with crypto mining scams. But have reviewed these, like the Action Fraud warning, these weren't particularly relevant to Ms G's situation. This is because the articles were regarding malicious software and hacking being used in relation to crypto mining. Whereas Ms G was making payments as part of an investment that involved the lease of equipment to undertake the mining of crypto – and so, it wasn't that her personal computer had been compromised or exposed to an attack (hacking). It follows that, while HSBC should've been mindful of the risk of crypto investment scams, these articles wouldn't – in my view – have given them the knowledge relevant to her situation.

I understand R has argued that, as part of their fraud prevention checks, HSBC should've contacted the receiving bank to check the account was a legitimate business account. And if it had become known to HSBC that Ms C was making the payment to a personal account then I agree this should've raised concerns regarding the legitimacy of IA and the investment opportunity. However, I wouldn't reasonably expect HSBC to contact the receiving bank to check the account type before processing a payment unless it had reason to do so. And here, I don't think HSBC had such reason. This is because I consider HSBC – through open and probing questions – would've have been reassured that Ms G had:

- Been recommended the investment opportunity from a trusted individual from a genuine property investment company that she had been investing with.
- She'd received a contract and investment documentation from IA.
- She'd checked Companies House and found C's mother (who she considered a co-director of IA) listed as director of a company – 'IA Ltd'.

- She hadn't been pressurised to invest.
- She had invested in crypto previously (evidenced by her bank statements)
- She had professional support – in the form of an accountant – available to her when making investment decisions (in which she had, for example, relied upon when investing with X, and sought their opinion during the scam itself.).

In light of this, I don't think HSBC would've had enough reason to suspect Ms G was sending the payments to anything other than a legitimate firm. It follows that I don't think it would've been reasonable – or proportionate to the risk the payments presented at the time – for HSBC to have contacted the receiving bank to ensure the account was a legitimate business account.

R has also highlighted Ms G's vulnerabilities at the time of the payments and that HSBC were required, as per FCA guidance, to identify vulnerability at key touchpoints like fraud interventions. At which point, I should note that the FCA guidance R has referenced wasn't published at the time of Ms G's payments. Nevertheless, I accept HSBC should've been mindful of the possibility that their customers' vulnerabilities could expose them to an increased risk of financial harm from fraud. And been on the lookout for this.

I understand that Ms G was investing funds that originated because of her husband's passing – and so, I appreciate this could've been a difficult period for Ms G that potentially increased her vulnerability to this scam. It isn't however uncommon for such funds to be used for investment purposes. And so, while Ms G's potential vulnerability should've been a consideration as part of HSBC's fraud prevention checks, I think they would've been reassured by Ms G's interaction with them (as I think she spoke confidently, coherently and in a calm manner) and the surrounding circumstances of the investment itself. Because of this, I'm not persuaded that any failure by HSBC to identify Ms G's vulnerabilities led to her loss. Ultimately, I think it's most likely HSBC would've considered Ms G was investing in a high risk, albeit unregulated, investment. This however is different to having reason to believe it to be a scam – and HSBC wasn't required to protect Ms G from a potentially risky investment.

I've also given further thought to the subsequent £25,000 and £5,000 payments. R believes HSBC should've also carried out additional checks before processing these payments too – and argue that the familiarity with the payee shouldn't have lowered scrutiny. But while I understand R's views, when considering this, I've kept in mind that banks 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 account and questioning transactions to confirm they're legitimate – as it wouldn't be practical for banks to carry out additional checks before processing every payment. And here, although not insignificant sums, I remain of the view that the prior account activity would've normalised this type of spending – in value and to IA as an 'established payee' - on Ms G's account. I therefore don't think HSBC would've had enough reason to suspect Ms G was at a heightened risk of financial harm from fraud when making these payments. So, I think it was reasonable for HSBC to process them upon receiving Ms G's instruction.

I want to emphasise that I'm not placing any blame with Ms G here. I appreciate she is the innocent victim of a scam, and I accept she carried out reasonable checks before going ahead. But for the above reasons, I'm not persuaded that any proportionate intervention carried out by HSBC at the time of the first two payments could've uncovered the scam and prevented Ms G's loss. Nor do I think HSBC could've reasonably done anything more to try and recover Ms G's loss upon being notified of the scam.

It follows that, while I'm sympathetic to Ms G's circumstances, I don't think HSBC is responsible for her loss. I therefore don't think they need to refund any of the payments.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 2 October 2025.

Daniel O'Dell
Ombudsman