

The complaint

Mr H complains that HSBC UK Bank Plc did not reimburse the funds he lost to a scam.

What happened

Mr H fell victim to a cryptocurrency investment scam. He was added to a group chat with other investors who appeared to be successfully making returns on a cryptocurrency investment. They were led by an individual who told them when to buy and sell cryptocurrency. To fund this, Mr H sent funds from his HSBC current account to his cryptocurrency wallet, before sending it onto the scammer's wallet.

Mr H began investing himself after watching the group for a while, he started with smaller amounts but over time these grew. He sent just under £28,000 between September and December 2024 from his HSBC account. Part of this was the investment, and part was fees to pay crypto miners to release his returns which had gotten stuck on the blockchain. When the website and chat disappeared, he realised he had been the victim of a scam.

Mr H raised a scam claim with HSBC who said they had intervened on a number of the payments. This included two telephone calls to Mr H about the payments to crypto in which they asked him about the purpose of the payments and provided warnings. So, they felt they had done enough in the circumstances to try and uncover the scam. Mr H referred the complaint to our service and two separate Investigators looked into it.

Our Investigators felt HSBC should have intervened in a higher value payment of £5,500 on 14 October 2024 to ask about the purpose of the payment, which they did. However, they felt some of Mr H's answers were misleading and this meant HSBC was ultimately unable to uncover the scam. So, they did not agree HSBC had made an error in the circumstances.

Mr H's representative disagreed with the findings. Overall, they did not think HSBC had asked probing questions or that they had provided a robust warning about cryptocurrency scams. As a result, they felt HSBC had missed an opportunity to reveal the scam. As an informal agreement could not be reached the complaint 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account 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.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the

transactions that they have authorised.

It's not in dispute that Mr H authorised the payments in question as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that HSBC was obliged to follow Mr H's instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether HSBC did enough to try to keep Mr H's account safe.

I've reviewed Mr H's HSBC statements and compared the scam payments to his genuine account activity. I've also considered these payments were to a crypto merchant, so I think the general risk level was higher than a payment to a current account held by an individual. I therefore think that HSBC should reasonably have intervened in the payment of £5,500 on 14 October 2024, and it could be argued a second intervention was due on 19 November for the payment of £4,400.

I can see that HSBC did intervene at a number of points, including the initial payment of £100, the £5,500 payment set out above as well as the £4,400 payment. For the initial payment of £100, HSBC provided an automated warning centred around cryptocurrency scams. This included warnings about other individuals having access to Mr H's cryptocurrency wallet and to be wary of individuals who contact him unexpectedly about cryptocurrency. On balance, considering the risk level the low value payment posed, I think this was a proportionate intervention.

Following this, HSBC carried out two separate intervention calls with Mr H in which they asked him more questions about the purpose of the payments. In each of these, Mr H was open that he was making payments to cryptocurrency and that the receiving account was a cryptocurrency wallet he held. I agree that in the second call, the call handler did not understand that the receiving account was in fact the cryptocurrency wallet and not simply another account in Mr H's name that he used to carry out cryptocurrency payments from.

Ordinarily, where it is identified that a consumer is making payments to cryptocurrency, I would expect a tailored cryptocurrency warning to be given to them, as well as open and probing questions about why the consumer is making payments to cryptocurrency. I can see that in the first phone call, there were some probing questions such as how did you open the crypto account, did you check the account is registered with the Financial Conduct Authority, have you had returns etc. And I can see the call handler did provide some warnings about cryptocurrency, that it is not regulated and there is very little protection for investments, it is volatile and can result in scams. She also warned that if Mr H was asked to pay extortionate fees to withdraw the funds from his account it would be a scam.

I'm satisfied some warnings were provided and some questions were asked, but I acknowledge that HSBC did not ask if a broker was helping Mr H or more about how he found the investment itself. If Mr H had said a broker was helping him, warnings focusing more on crypto investment scams that include when 'brokers' and fake platforms are used could have been provided. I've considered the conversation itself in more detail with this in mind.

There are some points at which it appears Mr H has either accidentally or purposefully provided incorrect answers to HSBC when they asked him about the payments. For

example, when asked where the funds were going, he said they were being transferred to his crypto account and would not be transferred on again. However, Mr H would have needed to forward the cryptocurrency onto the 'investment' so this statement isn't accurate. When asked if anyone had forced or coerced him to open the crypto wallet, he confirmed no one had but added he had completed it '100%' by himself. While he did physically open the account himself, this was heavily under the guidance of the scammer. So, while I don't think he misled HSBC here, he did leave out some key information.

In one call, Mr H confirmed he had received returns from the investment, however at that time he had not received any credits into his HSBC account. I can also see that in the second call when he was asked about his crypto wallet, he said he'd had it for around a year. However, looking at the chats with the scammer it appears he had opened it just a few months prior as part of the scam. I can understand how these answers could make HSBC think there was a lower risk that Mr H could be a victim of financial harm. It sounded like he was in control of the crypto wallet and no-one had helped him, that he had received returns, he'd had the crypto account for some time and was not moving on the funds to another wallet after it entered his. Based on Mr H's answers, I therefore think it is reasonable that HSBC provided the warnings that it did and that it did not go further in its questions.

I've also have to consider Mr H's conversation with the scammers, as he spoke with multiple individuals involved in the scam. He raised concerns with more than one individual involved in the scam that something was not right, especially after he was told to pay fees to unlock his returns from the blockchain. Despite previously receiving a warning from HSBC about this very issue and expressing serious doubts about the validity of what he was being told by the scammer, he went on to pay more money over the course of a few months to the scam. This suggests that he was deep under the spell of the scammer, and I think it is unlikely a relevant warning from HSBC at the trigger points highlighted above would have prevented him from making further payments towards the scam. It follows that I do not think HSBC needs to reimburse Mr H in the circumstances of this particular complaint.

I understand that this will be very disappointing for Mr H, and I recognise that he has been the victim of a cruel and manipulative scam. But I do not consider that it would be fair to hold HSBC responsible for his loss, so I won't be asking it to refund any of that loss to him.

My final decision

I do not uphold Mr H's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 30 October 2025.

Rebecca Norris

Ombudsman