

The complaint

Mr M complains that HSBC UK Bank Plc won't refund money he lost when he was a victim of a scam.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Around May 2023 Mr M received a WhatsApp message from an unknown person claiming to be a recruitment consultant offering him a remote-working job – which we now know to be a scam. Mr M was told the role involved optimising products, which required completing daily tasks on an online platform to receive commission that would be paid in USDT (crypto). As part of the scam there were 'combination' tasks that paid more commission. But these combination tasks also required Mr M to fund his account as they put it into a negative balance.

Mr M made about 40 payments totalling roughly £140,000 from his HSBC account to fund the scam between May and July 2023. Most of the payments went to Mr M's own account that he holds with an Electronic Money Institution (EMI), which I'll refer to as 'R', before being used to purchase crypto. The remaining payments went to a legitimate trading firm, before it was similarly forwarded on to the scam.

Mr M realised he'd been scammed when his account on the scammer's website was closed, and he was unable to withdraw his earnings. He complained to HSBC, with the assistance of a third-party firm, on 12 March 2024. HSBC rejected the complaint. They said the payments weren't covered by the Contingent Reimbursement Model (CRM) code as they went to accounts in Mr M's own name. And it was from there the funds were sent to the scam.

The complaint was referred to the Financial Ombudsman, but our Investigator didn't uphold it. In short, he said:

- HSBC should've done more before processing some of the payments. But he wasn't persuaded that, even if HSBC had questioned Mr M further, the scam would've been uncovered.
- Mr M hadn't given HSBC, and another of his banking providers (that I'll refer to as 'M'), accurate information about why he was making payments from his accounts. Instead, Mr M told HSBC he was making a payment to a friend. And he also told M that he'd been trading crypto for over three years, detailing the types of trades he made.
- At no point did Mr M explain he was purchasing crypto to pay for work.
- There weren't any funds for HSBC to recover upon being notified of the scam.

Mr M disagreed and asked for his complaint to be reviewed by an Ombudsman. In short, he's added:

- He was caught in a web of deceit from a fraudulent company. And traceability of the

funds would surely show the real culprits at play here.

- He understands banks are insured to protect long-term customers, and it will cause a significant financial impact if his funds aren't partially or fully recovered.
- HSBC failed to take prompt action to recover the funds when the fraudulent activity was reported.
- There should be some liability on HSBC – especially as the high value transactions were unusual for his account. HSBC should've been more diligent.
- These events have impacted his health.

The matter has been passed to me to decide.

Before I explain the reasons for the decision I've reached, I'm aware that Mr M has also referenced payments he made from his HSBC account to a crypto provider between September and December 2023. Having listened to a telephone conversation between Mr M and HSBC, I understand these payments were made in relation to a separate investment scam. The payments weren't included as part of Mr M's complaint to HSBC in March 2024. Because of this, I won't be considering those transactions as part of this decision.

If Mr M remains dissatisfied with HSBC's handling of those transactions, he should raise a complaint with them (if he hasn't already done so). And should he remain unhappy with their response, he has the right to refer the matter to the Financial Ombudsman.

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 sorry Mr M has been the victim of a scam. I don't underestimate the impact it has had on him. I therefore understand why he'd do everything he can to try and recover the loss he's suffered. But I need to decide whether HSBC can fairly and reasonably be held responsible for Mr M's loss. And I don't think they can, I'll explain why.

Before I do, I want to reassure Mr M that I've considered everything he has submitted in support of his complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether HSBC is responsible for the loss Mr M has suffered.

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 Mr M knowingly made the payments from his account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, HSBC are expected to process Mr M's payments, and he 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 Mr M'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 Mr M when he 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.

But for me to find it fair and reasonable that HSBC should refund Mr M 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.

Here, Mr M did speak to HSBC regarding a £1,000 payment he attempted to the legitimate trading firm on 14 May 2023 (as HSBC held it for fraud checks). And I think there was justification for HSBC to have carried out additional checks before processing some of the subsequent disputed transactions – due to their high value and frequency. I similarly think it would've been reasonable for HSBC to have spoken with Mr M to better understand the surrounding circumstances of those subsequent payments.

What matters here is what those steps might be expected to have uncovered at the time. When considering this, I've taken into account Mr M's conversation with HSBC (in respect of the 14 May 2023 call) and his interactions with M. And Mr M didn't disclose the true purpose of the payments he was making with either party. For example, he told them that he was paying a friend that he owed money. He also told M that he had five years trading experience and detailed some of his trading strategies. At no point did Mr M explain to either party that he was making the payments to purchase crypto as part of a job, or that a third party was involved. Further to this, Mr M confirmed to M that he hadn't received any calls requesting him to move his money. And he confirmed to HSBC that he hadn't been told how to answer their questions or to mislead them in anyway about the purpose of the payment.

Mr M spoke clearly and confidently with HSBC (and M). And he didn't, in my view, give any indication of a potential vulnerability. Nor did he give the impression that he had any concerns about the payments he was making. Because of this, I think it was understandable as to why HSBC were reassured Mr M had attempted the £1,000 payment for legitimate purposes. I simply don't think they had enough reason to suspect otherwise.

As I've said, I think HSBC ought reasonably to have carried out additional checks before processing some of the subsequent payments too. I've therefore thought about what would've likely happened if they'd done this. And here, given Mr M had given inaccurate information to both HSBC and M, I see no reason to think further conversations would've gone differently. I think it is most likely that Mr M would've continued to conceal the true purpose of the payments he was making and their surrounding circumstances. Consequently, I don't think HSBC could've uncovered the scam and prevented Mr M's loss.

In terms of trying to recover the lost funds, unfortunately, there wasn't any reasonable prospect of this. This is because HSBC could only contact R and the legitimate trading firm, and so they wouldn't trace the money beyond this. And Mr M had already forwarded the funds on as part of the scam. So, while I appreciate Mr M considers HSBC failed to take prompt action to recover the funds, they couldn't reasonably have recovered the funds in these circumstances regardless of how swiftly they acted.

I have a great deal of sympathy for Mr M and the loss he's suffered. But it would only be fair for me to direct HSBC to refund his 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 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 Mr M to accept or reject my decision before 6 November 2025.

Daniel O'Dell
Ombudsman