

The complaint

Mr S complains that HSBC UK Bank Plc (“HSBC”), have failed to refund money that he lost as part of an investment scam.

What happened

Mr S came across a company that purported to be an investment firm but was actually a scammer that I will call C. Mr S made two debit card payments and three transfers totalling over £8,000 to two different crypto firms in July 2020. The funds were then sent to C via a crypto exchange.

Mr S then tried to withdraw the “profits” that he had made and he was told he would have to pay additional fees. At this point that he realised he had been scammed.

Mr S raised a complaint with HSBC, as he believed that it should have stopped him from making the payments in question. HSBC offered to refund half of the first two debit card payments.

One of our investigators looked into this matter and they decided that the payments were not indicative of a scam and therefore should not have been stopped by HSBC. He also did not think that the funds could be recovered via other means. He therefore did not uphold this complaint.

Mr S did not agree with these conclusions. So his complaint has been passed to me to issue 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position is that HSBC is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer’s account.

But, taking into account relevant law, regulators’ rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that HSBC should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice HSBC sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

In this instance, the transactions were not in isolation large enough, to be considered unusual or sufficiently out of character - compared to Mr S's usual account activity - to have prompted an intervention from HSBC. I note that one payment was comparatively large. But Mr S's account in the previous 12 months had been used to make large payments before and multiple large payments in one day – apparently without Mr S experiencing any problems. The payments were also to an account in Mr S's own name. So there was nothing out of the ordinary about the payments that ought to have made HSBC make any further enquiries them.

Finally, I note that the payments were to crypto exchanges. But I am also mindful that the payments were made in 2020, when the risks of crypto fraud was not as well-known as it is now. So I don't think that HSBC needed to intervene.

So, having considered the payment Mr S made, I'm not persuaded there was anything that ought reasonably to have triggered HSBC's fraud monitoring systems, or that would have indicated he was in the process of being scammed. I therefore do not consider there to have been any obligation on HSBC to have intervened.

So taking everything into consideration, I do not think that HSBC could have uncovered and prevented the scam.

I've also thought about whether HSBC did enough to attempt to recover the money Mr S lost. In this instance, the transfers would not be covered by the Contingent Reimbursement Model ("CRM") as they were sent to an account in Mr S's own name. I don't think that the debit card payments could have been challenged with a chargeback firstly due to the timescales involved and secondly as they were essentially a means to send funds to the crypto exchange which is what happened.

So overall, I don't think that HSBC could have recovered the funds.

I appreciate this will likely come as a disappointment to Mr S, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that HSBC can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

My final decision is that do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or

reject my decision before 12 March 2026.

Charlie Newton
Ombudsman