

## The complaint

Mrs W complains that HSBC UK Bank Plc won't provide her with a refund after she became victim of a cryptocurrency investment scam. Mrs W was initially represented in this complaint, but I'll refer to her as it's her complaint.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs W was interested in a cryptocurrency investment she saw on a professional-looking website with a company she thought was a legitimate financial service. The company promised high returns *'ranging from 10% to 50% within a short period, typically within a month or less'*.

She discussed the opportunity with a representative of the company and after researching the company on-line and not finding any red flags she decided to invest.

The scammers assigned Mrs W a financial advisor who helped her set up an account on a fake platform, which showed her that her investment was generating profits.

Also, under the guise of helping her set up a crypto account and make payments to it from her accounts, they influenced her to download software onto her device. This gave them access and control from their location.

Mrs W appears to have made payments to the scammer from another bank in December 2024, before she opened her HSBC account.

The scammers and / or Mrs W then opened an account with Firm W (a legitimate regulated electronic money institution) so funds could be moved into their crypto account.

Mrs W appears to have originally used another bank to make payments. They appear to have been suspicious about her payments, blocked them and restricted her account.

Mrs W then made the following payments from her HSBC account, which she says she opened for investment purposes, to Firm W using her debit card:

Payment No.	Date	Method	Payee	Amount
1	18/01/2024	Debit Card	Mrs W's Firm W account	£41
2	22/01/2024	Debit Card	Mrs W's Firm W account	£1,000
Sub-total A (1 to 2)				£1,041

3	23/01/2024	Debit Card	Mrs W's Firm W account	£1,900
4	24/01/2024	Debit Card	Mrs W's Firm W account	£800
5	24/01/2024	Debit Card	Mrs W's Firm W account	£1,400
6	26/01/2024	Debit Card	Mrs W's Firm W account	£1,700
7	29/01/2024	Debit Card	Mrs W's Firm W account	£2,100
8	19/02/2024	Debit Card	Mrs W's Firm W account	£1,200
9	28/02/2024	Debit Card	Mrs W's Firm W account	£2,000
10	28/02/2024	Debit Card	Mrs W's Firm W account	£1,400
Sub-total B (3 to 10)				£12,500
Total (A + B)				£13,541

Mrs W realised she'd been scammed when she could no longer contact her advisor.

Mrs W complained to HSBC seeking a full refund of her loss and £300 compensation.

HSBC said they should've done more by intervening at payment 3. They refunded 50% of the transactions from payment 3, totalling £6,250. The 50% deduction was because they considered she'd missed clear red flags.

Mrs W was dissatisfied and brought her complaint to our service. However, our investigator considered that an intervention wouldn't have made a difference and, because of contributory negligence from Mrs W, HSBC's offer was fair and reasonable.

Mrs W disagrees and, when escalating this complaint for a final decision, points out that had HSBC intervened she wouldn't have had the means to make any further payments to the scammers.

### **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, although I'm very sorry to hear that Mrs W has been the victim of this cruel investment scam and lost a significant amount of money, I'm not upholding this complaint. And I'll explain why.

I should first say that:

- I'm persuaded by Mrs W's submissions that a scam has occurred here.
- In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on balance of probabilities.
- Although I've read and considered everything Mrs W and HSBC have said, I won't be responding to every point individually. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.
- Although HSBC is a signatory of the Lending Standards Board's Contingent

Reimbursement Model (“CRM”) Code which requires firms to reimburse customers who have been the victim of a scam in most circumstances, I’m satisfied this code doesn’t apply both to payments made by card and to an account in Mrs W’s name.

- With regards to recovery, Mrs W’s funds were paid into a crypto wallet after HSBC made transfers, so unfortunately there was no realistic opportunity for HSBC to recover them. Also, for payments made by card the chargeback rules don’t cover scams.
- The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.

#### PSR

Under the PSR and in accordance with general banking terms and conditions, banks should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There’s no dispute that Mrs W made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, a bank should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider HSBC should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have systems in place to look 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 banks 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

#### Consumer Duty

Also, from July 2023 HSBC had to comply with the Financial Conduct Authority’s Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, HSBC was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud.

HSBC accept they should’ve done more here. Upon reflection they think they should’ve intervened at payment number 3 and they’ve refunded Mrs W 50% of her loss from this payment point. However, the dispute here is whether they should’ve refunded 100% of Mrs W’s loss from an earlier point (payment 1 or 2) or payment 3.

So, with the above PSR and Consumer Duty in mind, I considered the intervention trigger point and whether it is fair and reasonable for liability to be split between both parties.

Having reviewed the trigger point for a human intervention, I also would've expected this to be payment number 3. This is because:

- Firm W don't just offer crypto services.
- Payment 1 was for a very low amount and would've appeared a one-off.
- Payment 2 also wasn't particularly high and there wasn't a suspicious pattern with same amount credit transfers, same day or consecutive day payments. Also:
  - Although Firm W was a new payee it was a regulated firm
  - Firm W would've had a fuller picture of the subsequent payment, which would've meant the payment had a lower risk factor with the high likelihood of further due diligence.
  - HSBC process thousands of payments each day and, as mentioned above, they have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm.
- A pattern only started to emerge on payment 3, as it was a second payment to Firm R in two days, almost double the previous payment and there was now three payments increasing in size and regularity that could potentially be an indication of a scam.

Regarding whether a human intervention by HSBC, where one of their fraud and scam agents would've given education information, warnings and asked probing questions to detect a scam, would've made a difference, I also don't think Mrs W would've been truthful to HSBC had they intervened.

There is file evidence that Mrs W was under the spell of the scammer, likely being coached over the phone and following the scammers' instructions to circumvent bank checks and deceive the bank she was using to make payments in December 2024.

There is information that this other bank became suspicious of the answers Mrs W gave. It isn't possible to know any details of the coaching that took place, and the scammers' bank deception instructions may well have changed (as they were previously unsuccessful).

As it is difficult to know how Mrs W would've answered probing questions, whether HSBC would've similarly become suspicious and blocked the payment and put restrictions on the account, I don't think it would be reasonable for me to say HSBC's failure to intervene caused Mrs W's loss.

Regardless of the above, HSBC decided to give Mrs W a refund here, from payment number 3, and it appears this would've been a full refund if they hadn't thought she'd missed red flags.

### *Contributory Negligence*

There's a general principle that consumers must take responsibility for their decisions. Although I recognise how convincing these cruel scammers are and the impact on Mrs W, I also think she should've been more diligent and:

- Completed more thorough research on the investment company, including on-line searches which would've shown:
  - A red flag in the form of an October 2023 warning from the financial services regulator saying customers should avoid dealing with this company.
  - Scam warnings about the company.
- Should've seen returns of up to 50%, within a short period of time, as too good to be true and prompted her to exercise greater diligence and seek professional advice.
- Considered, and been concerned about, why a professional organisation would tell her to deceive her banks.

- Acted on warnings that the software company would've given her on the risks of allowing a third party to access and control her computer.

So, I think both parties made errors here, HSBC in not intervening and Mrs W in demonstrating contributory negligence, and I therefore consider it to be both fair or reasonable for HSBC to split liability (and pay 50% of Mrs W's loss) from the trigger point they identified (payment number 3).

Finally, regarding Mrs W's request for a compensation payment, as distress and inconvenience has been caused by the cruel scammer and not HSBC, I don't think it would be fair and reasonable to require them to make such a payment.

I realise the outcome of this complaint will come as a disappointment to Mrs W and I'm very sorry she has lost a significant amount of money here. But, for the reasons I've explained, I won't be upholding this complaint and asking HSBC to make any additional refund.

### **My final decision**

For the reasons mentioned above, my final decision is that I'm not upholding this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 10 November 2025.

Paul Douglas  
**Ombudsman**