

The complaint

Mr M complains that HSBC UK Bank Plc has failed to refund the money he lost as part of an investment scam.

Mr M is represented in this matter, but for ease of reading I will refer to Mr M throughout this decision.

What happened

The background to this complaint is well known to all parties so I will not set it out in detail here. In summary, Mr M found an advert on social media for a group offering advice on investing. Mr M joined a WhatsApp group and was given share tips. Mr M placed trades based on the advice he was given. Mr M engaged in an extensive chat with an ‘assistant’ of the investment adviser. In this chat he was encouraged to invest in a cryptocurrency coin that he was told was due to be launched shortly. The scammer guided Mr M through opening a cryptocurrency account. Mr M moved money to this account and from there I understand that it was then transferred on to the scammers.

In January 2025, Mr M was told he needed to pay more to cover the tax on his cryptocurrency investment, in order to release his funds. HSBC blocked the payment Mr M tried to make to his cryptocurrency account as it was too large. The scammer then suggested Mr M move the money to his share trading account, as it allowed him to buy cryptocurrency. Again, it appears this money was then transferred on to the scammers.

Mr M made the following payments related to this scam from his HSBC account:

	date	beneficiary account	amount	payment type
1	21 November 2024	Cryptocurrency account held by Mr M	£840.76	Card payment
2	24 November 2024	Cryptocurrency account held by Mr M	£1,029.90	Card payment
3	25 November 2024	Cryptocurrency account held by Mr M	£505.79	Card payment
4	2 December 2024	Cryptocurrency account held by Mr M	£978.40	Card payment
5	18 January 2025	Trading account held by Mr M	£6,165	Transfer – open banking
6	22 January 2025	Trading account held by Mr M	£4,100	Transfer – open banking

Mr M raised a complaint with HSBC. He said it should have stopped him from making the payments in question. HSBC did not uphold Mr M's complaint. It said Mr M had sent the money to two accounts both held in his name and under his control, so it did not think it had acted incorrectly when it didn't query the payments. It also noted that Mr M had previously sent money to the trading account Mr M sent the fifth and six payment to.

One of our investigators looked into this matter, having done so they did not uphold this complaint. They said they didn't think the first four payments looked out-of-line with the way Mr M had previously operated his account, so they didn't think HSBC should have flagged the payments. They said they accepted that HSBC should have asked Mr M about the fifth payment as it was for a larger amount, but they said they were of the view that, even if HSBC had intervened they didn't think Mr M would have responded to a tailored warning as by this stage he had a close and personal relationship with the scammer and was closely following their instructions.

Mr M did not accept the investigator's view so his complaint has been passed to me to issue a final decision. In summary, Mr M said he felt HSBC should have recognised he was at risk of being a victim of fraud and queried the fifth payment. Mr M said he would have acted on a tailored warning from HSBC if it had given a warning at this point and would not have sent more money 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, I have reached the same view as our investigator, and for much the same reasons. I'll explain why.

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.

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 multistage 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.

Like our investigator, I don't think that the first four payments Mr M made were sufficiently unusual to have prompted an intervention from HSBC. They did not form a pattern that was indicative of someone being scammed; they were spread out over nearly two weeks and did not increase in value or frequency.

In reaching this view, I have taken into account that the account records show Mr M had a history of transferring larger sums to other accounts. I also note that Mr M has accepted that the first four payments wouldn't have appeared 'unusual' to HSBC given his account history.

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

What is in dispute is whether HSBC should have intervened before it processed the fifth payment for £6,165 on 18 January 2025 to his trading account. Like our investigator I think this payment should have triggered an intervention from HSBC.

I am mindful that Mr M had made previous payments to his trading account, so HSBC would have taken some comfort from the fact that the money was being transferred to an existing account, held in Mr M's name. Likewise, I don't think it would have been apparent to HSBC that this transaction was related to the earlier transfers Mr M had made to his cryptocurrency account. I say this because although the trading account offered the facility to buy cryptocurrency it is also a reasonably well-known share trading platform. I note the account history shows Mr M had used this account to trade shares.

That said, I do think HSBC should have asked some tailored questions about this transfer of funds to try to uncover whether Mr M might be falling victim to a scam and, based on his responses, provided a tailored warning specific to the type of scam he might be falling victim to. I have reached this view as the amount Mr M was transferring was out-of-line with the way he had previously operated his account.

However, for me to require HSBC to repay some or all of the money Mr M lost to the scammers I would need to be satisfied that he would have acted on a tailored warning if it had provided one. Mr M says he would definitely have paid heed to a tailored warning and would not have proceeded with the transfer of money to his trading account, and then on to the scammers.

I have very carefully considered the information that has been provided to this service, in particular the chat Mr M had with the 'assistant'. Having done so I can't safely find that Mr M would have acted on a tailored warning from HSBC if it had provided one, before Mr M made the fifth and sixth transfers. I'll explain why.

As our investigator noted, it is apparent from the extensive chat Mr M had with the 'assistant' that a close and trusting relationship had developed. The 'assistant' had been in frequent contact with Mr M since late August 2024, and was actively involved in trading decisions Mr M made. By the time the 'assistant' introduced the opportunity to invest in a new cryptocurrency coin on 19 November 2024, they had shared personal information and a significant level of trust had been established to the extent that Mr M was following the 'assistant's' instructions on how to answer questions when moving money to the cryptocurrency account.

The chat became more intimate with more personal information being shared and in early

December the 'assistant' gave Mr M step-by-step instructions on transferring the cryptocurrency on to what Mr M thought was an investment in a new cryptocurrency coin. Mr M then continued to chat with the 'assistant' throughout December 2024 sharing personal information and plans to meet were discussed.

When, in early January 2024, Mr M was told he needed to pay tax due on his investment before he could take his profit, he discussed this with the 'assistant'. Having been reassured by the 'assistant' Mr M said he was *'happy to pay the tax'* but explained he had thought it would be deducted before he received his profit. I think this shows the extent of the trust Mr M had in the 'assistant' – despite his initial misgivings about being asked for a lump sum to pay the tax he changed his view after discussing it with the 'assistant' and said he was *'happy to pay the tax'*.

The chat continued with more personal information and photos being shared as well as chat about the tax payment Mr M needed to make. When Mr M had arranged sufficient funds to pay the tax he had been told was due, he asked the 'assistant' to guide him through making the payment. When HSBC declined the payment to Mr M's cryptocurrency account the 'assistant' then suggested making the payment to his trading account and then transferring it on from there. The 'assistant' then guided Mr M through the process of making the transfer on 18 January 2025.

On 22 January 2025 Mr M then made a further payment of £4,100, apparently a 'user verification fee'. There was very little push back from Mr M on making the payment as the 'assistant' assured him other clients had also had to make the payment. Again the 'assistant' guided him through making the payment.

Even after Mr M was still unable to withdraw his profit after making the sixth payment on 22 January 2025 and the 'assistant' suggested he needed to make a further payment as the 'user verification' had not been successful, Mr M continued to correspond with the 'assistant' and ask for her advice on what to do.

In view of the close and trusting relationship Mr M had with the scammer I cannot safely find that, even if HSBC had asked Mr M about the purpose of the payments he made to his trading account on 18 January and 22 January 2025 - and provided a tailored warning appropriate to the responses he provided that he would have acted on any such warning. I am of the view that Mr M was in the thrall of the 'assistant' and genuinely believed she was helping him to make a legitimate investment. In view of this I don't think a tailored warning from HSBC would have resonated with Mr M.

I am mindful that Mr M says he was struggling with his mental health at the time he made these payments. I am sorry to hear of Mr M's difficulties, but there is nothing in the evidence I have seen to show that Mr M had made HSBC aware that he was vulnerable. As this is the case, I can't reasonably say that it should have taken additional steps to protect Mr M from the risk of fraud.

I am sorry Mr M has lost this money but, based on the information available, I cannot reasonably find that HSBC is responsible for Mr M's loss. He has lost this money due to the cruel actions of the scammers. I therefore cannot require HSBC to reimburse Mr M for the money he lost to this scam.

Recovery

I've also thought about whether HSBC did enough to attempt to recover the money Mr M lost. Mr M paid a legitimate cryptocurrency exchange for the first four payments and he received a service from it. Mr M's disagreement is with the scammer, not the cryptocurrency

exchange.

It would not be possible for HSBC to process a chargeback claim against the scammers as Mr M did not pay them directly. HSBC could only have processed chargeback claims against the recipient of these payments; the cryptocurrency exchange. In view of this I don't think Mr M had any reasonable prospect of success if HSBC had processed chargeback claims against the merchant.

With regard to the fifth and sixth payment, Mr M made a transfer from his HSBC account to his trading account. If there are any funds left in Mr M's trading account he can recover this money himself. As the money was then used to purchase cryptocurrency and transferred on to the scammer HSBC would not be able to recover this money for Mr M.

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 2 January 2026.

Suzannah Stuart
Ombudsman