

Complaint

Mr A is unhappy that HSBC UK Bank Plc didn't reimburse him after he reported falling victim to a scam.

Background

In 2020, someone recommended an investment opportunity to Mr A. He was put in touch with a man (Mr W) who offered to help manage Mr A's funds and told him to expect generous returns. Mr A sent payments to Mr W. As I understand it, Mr W said he would use those funds to purchase cryptocurrency and deposit it into an e-wallet maintained by a third-party cryptocurrency exchange. That e-wallet, he was promised, would be in Mr A's name.

He was also told he could earn even more money if he persuaded other people to sign up to the investment. He made nine payments to Mr W, many of these were simply transferring on funds belonging to someone else he'd recommended the investment to.

He used his HSBC account to make the following payments to Mr W:

1	29 August 2020	£820
2	10 September 2020	£1,640
3	25 October 2020	£3,240
4	29 October 2020	£3,240
5	22 November 2020	£8,200
6	23 November 2020	£820
7	8 December 2020	£2,870
8	8 January 2021	£5,265
9	9 January 2021	£1,640

When he couldn't withdraw any returns on his investment, it occurred to him that he might have fallen victim to a scam. He notified HSBC via his professional representatives, but it didn't agree to refund his losses.

Mr A wasn't happy with that response and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr A disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. It's common ground that these payments were authorised and so Mr A is presumed liable for them at first instance.

However, that isn't the end of the story. Good industry practice required that HSBC be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

With the benefit of hindsight, it now appears that Mr A was the victim of a fraudster. The question I need to consider is whether the bank should reasonably have identified that risk at the time, based on the information available to it. I've considered that point carefully, but I'm afraid my view is that there was no reasonable basis for the bank to intervene in relation to the payments listed in the table above. The initial payments to Mr W were relatively low in value and spread out over time, which would typically indicate a lower fraud risk. These payments were made to a private individual, and HSBC had no way of knowing that the ultimate purpose was to purchase cryptocurrency - a factor that might have altered the perceived risk.

I don't think it would've been practical or reasonable to expect HSBC to intervene in connection with payments 1 to 4. Although the value of the payments increased over time, and payment 5 in isolation might arguably have carried some fraud risk, by that stage Mr A had been paying Mr W for nearly three months without any issues arising. HSBC could reasonably have taken reassurance from this when assessing the risk associated with payments 5 to 9.

If HSBC *had* intervened, I accept there was a possibility that it might have uncovered the scam and, therefore, reduced Mr A's losses here. But for the reasons I've explained, I don't think it would be fair and reasonable to have expected it to intervene in connection with any of these payments.

I don't say any of this to downplay the fact that Mr A was the victim of a scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is to look at the actions and inactions of the bank and, in the circumstances of this case, I'm not persuaded it did anything wrong in processing these transactions without questioning them further.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 January 2026.

James Kimmitt
Ombudsman