

## The complaint

Ms O complains that HSBC UK Bank Plc did not reimburse the funds she lost to a scam.

## What happened

Ms O saw an investment opportunity being advertised on social media, it was being endorsed by a politician and she reached out to the company. She began speaking with an advisor who would help her trade on the stock market. She initially invested a small amount but quickly made good returns on this. She was then convinced by the company to take out loans to invest further. As a result she took out loans for £6,400, £9,000 and £10,000. She made the following transfers to another account she believed to be in her name, but which she says she never had access to herself:

Date	Amount
13/07/2024	£200
13/08/2024	£24,500
15/08/2024	£1,000
28/08/2024	£3,500

She was told her funds were being investigated for money laundering and her investment balance disappeared. Later on, someone from the Blockchain financial team called Ms O and advised that she had to transfer another \$10,000 to prove that it was her money and then everything would be paid to her once that was transferred. This is when Ms O became suspicious. She asked for her original funds to be returned but no one got into contact with her.

Ms O raised a scam claim with HSBC and they provided a final response letter in which they explained the payments were not covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, as the payments went to an account in Ms O's name. They also said that they spoke to Ms O when she made the payment of £24,500 and that she confirmed she was moving to funds to an account she was using for her savings, and that she had opened the account with no third-party help. As Ms O was not honest with HSBC in the call, they declined to reimburse her.

Ms O referred the complaint to our service and our Investigator looked into it. They thought it was more likely the payments were covered under the CRM Code as Ms O confirmed she did not open the account the funds went to, and she never had access to it. They felt an exception to full reimbursement applied but they also felt HSBC did not meet the standard required. They also agreed HSBC should have intervened on the £24,500 payment but did not think the intervention went far enough. Overall, they felt Ms O was due reimbursement of 50% of the funds from the payment of £24,500 onwards.

HSBC disagreed and highlighted that Ms O had misled the call handler when making the £24,500 payment. They thought this showed Ms O would have continued with the payment regardless of their intervention so they did not think they were liable. The case was passed to a second Investigator and they also thought it was more likely the CRM applied in this case. But they also felt the case should be upheld regardless of if the CRM applied or not due to HSBC not probing enough in the phone call.

As HSBC continued to disagree with the outcome, the case has been passed to me for 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.

The starting point in law is that Ms O is responsible for any payments she's authorised herself. However, the CRM Code requires a firm to reimburse victims of authorised push payment scams that fall under its provisions. This generally includes transfers in GBP that go to other UK accounts in the control of the scammers. There is some uncertainty on this case whether the payments Ms O made fall under the protection of the CRM Code, as she input the account owner as her own name but has also said she never had any access to the account.

Having contacted the recipient bank, the final receiving account name for the funds does not appear to be in Ms O's name and it is also possible it is not UK based. We would need to probe much further with the receiving bank to find out more about this to be sure whether these payments are covered under the CRM Code. However, having considered the payments under both the CRM Code and general APP considerations, I think the outcome is the same. I have therefore considered the complaint under general APP considerations.

I've reviewed Ms O's statements and on balance I think the payment of £24,500 was unusual when compared to her genuine account activity. In the six months prior to the scam Ms O generally made payments on the account of under £1,000 with just two payments over that of £2,000. I therefore think the payment of £24,500 was significantly higher than her usual spends and that on its own was suspicious enough to warrant an intervention from HSBC. In addition to this, in the days before the transfer of £24,500, Ms O credited the account with loans from three separate providers which is also unusual and can be an indication of financial harm.

I can see that HSBC did flag the transfer of £24,500 for further checks and they had a conversation with Ms O. I think the level of intervention needed to be proportionate to the risk level the payment posed. Considering the value of the payment, I think a detailed conversation was needed to ensure Ms O was not falling victim to a scam.

In the phone call, Ms O was given some general safe account scam warnings, as she had selected the payment purpose as 'paying herself'. She was informed that scammers will advise her not to tell the truth, and she was asked if anyone had told her to provide different reasons for the payment which she denied. Looking at the chat with the scammer, I can see they advised her not to reveal she was investing the funds. And I've taken this into consideration when assessing this complaint.

The call handler asked Ms O where she was sending the funds to, and she confirmed who the recipient bank was. Based on the call handler's reaction, it does not appear that they had heard of the recipient bank before and while this in itself does not mean Ms O was falling victim to a scam, I do think it made the risk level of the payment increase. Ms O also confirmed she had only just opened the account with the recipient bank which again I think made the payment more suspicious and warranted further investigation.

I think Ms O's general account activity would have been accessible to the call handler from the fraud team, and considering the value of the payment, the fact the case handler had not heard of the recipient bank and the age of the account the funds were going to, I think it would have been reasonable for the call handler to review the other activity on Ms O's account. It would have been clear to anyone reviewing the account activity that Ms O had just taken out three separate loans with three separate providers in the two days prior to the payments, and this formed the basis of the transfer she was attempting to make. This

therefore meant her initial reason for the payment, that she was just moving her money to a different bank, no longer made sense. These were not her own existing funds or savings, and it does not make sense that she would take out over £25,000 in loans just to move that to a new bank account.

I have also considered that the more questions Ms O was asked, the more agitated she became. In my experience, this can be a sign of someone who is feeling pressured to ensure the payment is made as soon as possible, and can be an indication someone is at risk of financial harm.

Seeing as the case handler had not heard of the recipient bank and considering the other red flags available about the payment, I do think it would have been reasonable and proportionate for them to look up the recipient bank. I do agree that this is not something I would expect call handlers to do in every case, but this is a relevant option where appropriate. And in this case, I do think it was a proportionate response to the risk level the payment posed.

Had the receiving bank been looked up, it would have been clear that they are a payment service provider for digital assets, namely cryptocurrency. I therefore think HSBC had an opportunity to meaningfully reveal the scam here as I think they could have provided a relevant cryptocurrency warning. The complaint Ms O fell victim to had many typical features of a cryptocurrency investment scam. She found the company on social media, it was advertised by a 'celebrity' or in this case a politician, she was given an advisor to help her, she was told to download AnyDesk and she was told to borrow funds to earn significant returns. I therefore think a tailored and relevant cryptocurrency warning that brought the scam to life would have been enough to break the spell of the scammer, especially as this was the first large payment she was making to them.

I do appreciate that Ms O misled HSBC and followed the instruction of the scammer not to reveal she was investing the funds. But as set out above, I think some probing questions and some testing of her version of events by the call handler would likely have been enough to reveal the true purpose of the payments. HSBC should be aware that consumers are coached by scammers to provide cover stories and try to hide the true purpose of the payments and so they should not always take the answers given at face value if there are other indications the payments are suspicious.

In this case, I do think the call handler should have probed further and I think it is more likely they could have realised Ms O was falling victim to a cryptocurrency scam if they had. And I think the warning they therefore could have provided would have been relevant enough to Ms O's circumstances that it would have prevented her from making further payments to the scam. It follows that I think HSBC needs to reimburse Ms O from the payment of £24,500 onwards.

I've finally considered whether or not Ms O should reasonably bear some responsibility for the losses as a result of any negligence in her actions and if it is therefore reasonable for me to make a reduction in the award based on this. In doing so, I've considered whether Ms O has acted as a reasonable person would to protect herself against the loss she suffered. The test is objective but needs to take account of the relevant circumstances.

I note that Ms O has already accepted the recommendation put forward by the Investigator to reduce the redress by 50% to account for her contribution to the loss. Because of this, I won't go into detail about this again. In summary, I do agree that a reduction in the redress is reasonable in this case. Ms O was promised high returns and from a search online I can see there were some negative reviews of the company she was investing with that she could have reviewed. I also think she could have seen it as unusual that the company was asking her to mislead her bank to ensure the payments went through. So, I think it is fair for Ms O to share liability for the loss and for the redress to be reduced by 50%.

### **Putting things right**

HSBC UK Bank Plc should reimburse Ms O from the payment of £24,500 onwards, this totals £29,000. It can reduce this amount by 50% to account for Ms O's contribution to the loss.

It should also apply 8% simple interest from the date of the payments to the date of settlement, less any lawful tax.

### **My final decision**

I uphold Ms O's complaint in part and recommend HSBC UK Bank Plc pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms O to accept or reject my decision before 12 December 2025.

Rebecca Norris

**Ombudsman**