

## **The complaint**

Miss B, via a representative, has complained that HSBC UK Bank Plc (“HSBC”) failed to refund the money she lost as part of an investment scam.

## **What happened**

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Miss B met a scammer on a dating website that I will call C. Over time Miss B and the scammer formed a close relationship. The scammer then persuaded Miss B to invest in a fake crypto trading firm which I will call D.

Miss B made a number of payments to D between May 2024 and August 2024.

Miss B sent around 14 faster payments from her HSBC account totalling over £120,000 to an account that she held with a different provider. The funds were then sent to crypto exchanges, converted into crypto, and were then sent on to D.

There was also one transaction that looks to have been attempted directly to a crypto exchange. But this looks to have been reversed.

Miss B realised that she had been scammed when C stopped all contact.

Two of our investigators looked into this matter and they thought that any intervention from HSBC would not have stopped the scam. They said this because Miss B did not give accurate answers to HSBC and her other account providers when questioned about the payments and also due to the closeness of the relationship between her and C. They therefore did not uphold this complaint.

Miss B did not agree with this and therefore her complaint has been passed to me to issue a 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 deciding what’s fair and reasonable, I am required to take into account relevant law and regulations, regulators’ rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, on what I consider is more likely to have (or would have) happened, in light of the available evidence and the wider circumstances.

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

However, taking into account relevant law, regulatory 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- 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); and
- 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.

I think that HSBC should have intervened when Miss B made a payment of £15,000 on 12 June 2024. I say this because I think the transaction was not typical of the expenditure on Miss B's account. I think an appropriate intervention would have been a human intervention with questions being asked about the payment. HSBC did not intervene during the scam. That said, I do not think it is likely that proportionate and appropriate interventions from HSBC would have stopped the scam.

I say this because Miss B's other account providers did intervene and this did not prevent the scam.

One of Miss B's account providers intervened around this time and attempted to provide a tailored written warning based on the answers provided by Miss B to series of questions about the payments that she was making. I can see that Miss B did not provide accurate answers as to what the payments related to, so the warning provided did not completely relate to the type of scam that Miss B was falling for.

The same account provider intervened again and had a conversation with Miss B. In this conversation Miss B provided misleading answers as to what the payments related to. Some examples of this are that she told it that there was no third-party involved; nobody was asking her to make the payments; no one had told her what crypto exchange to send the funds to; and when asked if she was intending to send funds from her crypto wallet, she said that she was sending funds to her own crypto wallet.

This is despite there being a third-party involved who was asking and encouraging her to make payments. Also, the scammer had suggested the crypto accounts and that she was intending to send funds from her crypto wallet to D. I accept that these answers may not have been intentionally misleading but it did have the effect of stopping this provider from stopping the scam.

I also note that in interventions with a different account provider, Miss B said that the payments were for furniture. This suggests that at least at this point Miss B was intent on providing answers to circumvent the very interventions she is saying that HSBC should've carried out, to ensure that payments to D were not stopped.

As HSBC was only required to take proportionate steps to try and protect Miss B from financial harm. I'm not persuaded she would've shared anything concerning with HSBC, had it questioned her about what she was doing. So overall, I think that HSBC should have intervened more than it did. But I do not think that this would have likely stopped or uncovered the scam due to the closeness of the relationship between Miss B and the scammer, regardless of the type of intervention or warning provided.

I am also satisfied that, even if HSBC had prevented the payments entirely, Miss B seemed to be so under the spell of C, that I think she would have likely found another way to send the funds to D. This is demonstrated by Miss B and C discussing what they would do to send the funds to D, if payments were stopped by her account providers.

I note Miss B comments that she was vulnerable at the time of the scam due to her being dyslexic it is unclear of whether HSBC knew this but I don't think that had it known this it would have altered whether HSBC would have been able to uncover or prevent the scam.

I've also thought about whether HSBC could have done more to recover the funds after Miss B reported the fraud. But the contingent reimbursement model does not apply to payments made to an account held by the same account holder. I also don't think that there was any other means to recover the payments, as the money she'd transferred into her own crypto wallet had been converted into crypto and sent on to D. So, I don't think that HSBC could have recovered the funds.

I appreciate this will likely come as a disappointment to Miss B, and I'm sorry to hear she has been the victim of a cruel scam. However, whilst I have a great deal of sympathy for the situation that Miss B found herself in, I'm not persuaded that HSBC can fairly or reasonably be held liable for her loss in these circumstances.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 17 December 2025.

Charlie Newton

**Ombudsman**