

The complaint

Mr C has complained that HSBC UK Bank Plc wont refund money he lost to a scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here.

I issued my provisional findings on 17 February 2025 where I said the following:

“In broad terms, the starting position in law is that a bank is expected to process payments that their customer authorises them to make. It isn’t disputed that Mr C knowingly made the payments from his account and so, I’m satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of the account, HSBC is expected to process Mr C’s request, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for HSBC to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

The question then arises whether HSBC ought reasonably to have held such suspicions or ‘concerns in relation to Mr C’s payments - and if so, what might’ve been expected from a proportionate intervention at that time. Further to that, where there is an interaction between a customer and a bank, I’d expect the bank to take reasonable steps to understand the circumstances of that payment.

So, taking all of this into account, I need to decide if HSBC acted fairly and reasonably in their dealings with Mr C when he made the payments. Specifically, whether it should’ve done more than it did before processing them – and if it had, would that have made a difference. I also need to decide if HSBC could’ve reasonably recovered the lost funds.

I appreciate that our investigator’s findings stated that the payments didn’t carry a heightened risk of financial harm as the payments weren’t unusually high or suspicious looking. She went on to state that the transactions couldn’t be classified as out of character and were going to an account in Mr C’s own name. However, I disagree. While I accept that the payment values weren’t particularly high, and the payments were going to an account in Mr C’s own name, the frequency of the payments accompanied with the account being newly opened did indicate common hallmarks of a scam, and HSBC did in fact intervene, as such it also recognised that the payments look suspicious. So, I don’t think it’s accurate to say the payments didn’t pose a heightened risk of fraud.

Therefore, I have gone on to consider what HSBC did once the payments triggered its fraud detection systems. I can see that HSBC asked Mr C for the reason he was making the payments and Mr C said it was for an investment. Mr C was then provided with a warning regarding cryptocurrency. The warning outlined that the wallet Mr C was transferring to should be in his own name, under his control and if Mr C was unsure, he should see the

guidance of a professional advisor.

While I am pleased to see HSBC did provide Mr C with a warning, I am not satisfied this was proportionate to the risk the payments presented. I say this because Mr C has made several payments in the same day, to a new payee which was indefinably cryptocurrency (despite it being an account in his own name). As such, the accumulation and frequency of the payments, along with the transactions identifiably going to a cryptocurrency provider I think warranted a stronger intervention than a warning.

The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, by July 2025, when these payments took place, HSBC should have had systems in place to identify, as far as possible, the actual scam that might be taking place, for example, by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment Mr C was making – and provided a scam warning tailored to the likely scam he was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance. HSBC didn't do this, so I am satisfied it fell short of what we would expect them to do.

However, even if HSBC had asked a series of automated questions, as I have highlighted above (which I deem to have been a proportionate intervention at that time), I am satisfied it wouldn't have prevented the loss from occurring. I say this because, prior to these transactions taking place, a third-party institution, intervened via human intervention (which is a more than what I would have expected it to do). Having told Mr C he was falling victim to a scam, Mr C chose to proceed and continue to make payments from other accounts, including his HSBC account.

Mr C has also told our service the following: "I was under intense pressure and effectively coached by the scammers on how to explain the payments to bypass security". Therefore, having considered this and the action Mr C took I am satisfied on balance that even if HSBC had provided an intervention similar to the one I have highlighted above, it wouldn't have prevented Mr C's losses.

Finally, I've considered whether HSBC took the steps it should have once Mr C contacted them to dispute the payments. It's important to note that Mr C didn't ask HSBC to send the money directly to the scammer, but instead to an account in his own name under his control.

HSBC did as Mr C requested. So, it was always highly unlikely that HSBC would be able to facilitate the recovery of the payments after they were moved on from Mr C's wallet to the scammers. So, it follows that I won't be asking HSBC to do anything further.

I'm sorry Mr C has been the victim of a scam, and I don't underestimate the impact this has had on him. But while I accept Mr C has lost a lot of money due to being deceived by the scammer, I must consider whether HSBC is responsible for the loss he has suffered. And I am satisfied they aren't for the reasons I have explained."

HSBC accepted the provisional findings, but Mr C raised further points for my consideration. To summarise he said:

- He was systematically groomed through small, successful rewards,
- He believed it was in a legitimate employment probationary period.
- HSBC's generic "crypto" warning did not address the "employment" narrative, if it had it would have provided the "moment of clarity" needed to break the scammer's influence.
- The scammer could not coach him to bypass a high-standard, investigative fraud interview.
- The third party's firm was a basic level intervention.
- HSBC failed to ask automated questions or provide a tailored warning despite identifying the payments as high-risk.

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, my provisional findings remain the same, I will explain why.

I don't agree that HSBC failed to identify that the payments Mr C made were suspicious or uncharacteristic, for the reasons I have explained in my provisional findings. HSBC did intervene, but due to Mr C providing inaccurate information regarding the payment purpose, it failed to provide a tailored warning to the scam Mr C was falling victim to. I can't hold HSBC responsible for that, as it provided the most suitable warning in line with the reasons Mr C provided for why he was making the payment.

It's not in dispute that Mr C was genuinely under the impression he was in legitimate employment but that's not what I need to consider in order to decide if HSBC has done anything wrong. I have concluded that the intervention HSBC provided wasn't proportionate to the risk of the payment he made, but I have to consider, even if it had provided what I deem to have been a proportionate intervention, would it have prevented Mr C's losses. As I previously explained, prior to these transactions taking place, a third-party institution, intervened via human intervention (which is a more than what I would have expected it to do). Having told Mr C he was falling victim to a scam, Mr C chose to proceed and continue to make payments from other accounts, including his HSBC account. So, despite whether or not the scammers coaching would allow Mr C to bypass a "*high-standard*, investigative fraud interview" (which for clarity, I didn't determine was a proportionate intervention), when the previous firm did intervene and unveil the scam Mr C chose to continue "investing".

It follows, I won't be asking HSBC to do anything further.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 April 2026.

Jade Rowe
Ombudsman