

The complaint

Mr D complains about the actions of HSBC UK Bank Plc when he lost money to a scam.

A legal representative has brought the complaint on Mr D's behalf but for ease I'll only refer to Mr D below.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr D had previously invested in crypto via a scam but no longer remembers the details. He was then contacted out of the blue in January 2025 by a merchant (scammer) who said they could help recover his funds. He completed some checks on the scammer and believed it to be a genuine opportunity. He was told he needed to make payments to the scammer to pay various costs in recovering his lost funds. In January 2025 Mr D then proceeded to send around £7,925 in five payments from his HSBC account to another account he held with an Electronic Money Institute (EMI) I'll refer to here as R.

Mr D realised he had been scammed when he was asked to provide more funds to release his money. So, he raised a claim with HSBC. But it didn't offer him a refund. Unhappy with that response Mr D brought his complaint to the Financial Ombudsman Service.

Our Investigator didn't think the complaint should be upheld. She said that Mr D had sent money to R before and had made larger genuine payments from his account to accounts in his own name in the previous twelve months. She noted HSBC asked for a payment reason on the first payment and provided a scam warning based upon the payment reason it was given - which she felt was reasonable here. So, she didn't think HSBC reasonably needed to do more here.

Mr D disagreed and asked for an Ombudsman's review. He said the payments and activity on his account at the time were unusual and HSBC failed to provide appropriate warnings about the payments which would've likely uncovered the scam.

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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr D has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board

and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

It is common ground that Mr D authorised the scam payments of around £7,925. I accept that these were authorised payments even though Mr D was the victim of a scam. So, although it wasn't his intention to pay money to the scammers, under the Payment Services Regulations 2017 (PSRs) and the terms of his account, Mr D is presumed liable for the loss in the first instance.

However, taking into account the law, 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 in order to help protect customers from the possibility of financial harm from fraud.

HSBC's first obligation is to follow the instructions that Mr D provides. But if those instructions are sufficiently unusual or uncharacteristic for the account, I'd expect HSBC to intervene and to ask their customer more about the intended transaction before processing it. I'd also expect HSBC to provide suitable warnings about common scams to help their customers make an informed decision as to whether to continue with the payment. There might also be cases where it's appropriate for HSBC to refuse to follow the instruction if there are good grounds to believe it is being made as a result of a fraud or scam.

So, the starting point here is whether the instructions given by Mr D to HSBC (either individually or collectively) were unusual in relation to his typical account activity. So, I've reviewed the account statements from the previous twelve months before the scam payments.

Mr D had made larger payments from his account before – ranging from £3,000 and £5,000 in October 2024. So, I don't think HSBC unreasonably allowed the payments to be made based upon their size. However, that isn't the only thing that HSBC should consider when assessing whether a payment is suspicious or unusual. Here Mr D was sending money to an account he held with R an EMI that was an established beneficiary on the account. When considering this point, I've kept in mind that banks such as HSBC process high volumes of transactions each day, and that there's a balance for HSBC to find between allowing customers to be able to use their accounts and questioning transactions to confirm they're legitimate. And not all payments to an EMI will be related to a scam – there will be genuine payments as well. So, HSBC does have to balance its overall approach to how it intervenes on payments to known beneficiaries so as not to intervene disproportionately on all the payments its customers make. Nor do I think the scam payments increased in sufficient size or velocity to such a degree that HSBC would've been reasonably concerned about them. So, I don't think the payments were individually large enough nor did they form a pattern that HSBC would've - more likely than not - considered that Mr D was being scammed so that it needed to stop the payments and speak to Mr D before allowing it to be made.

I note HSBC did stop the first payment here (£1,880) so that it could understand the reason for Mr D making the payment which was shortly before Mr D had sent £15,000 (but this payment wasn't scam related). HSBC wasn't aware Mr D had been scammed before or of any vulnerabilities, so I think HSBC reasonably asked for a payment reason here. Mr D said he was transferring money to his own account. I don't think that was an unreasonable question for HSBC to ask in the circumstances nor did Mr D provide an inaccurate answer overall (as he was transferring money to his account with R) despite that money then going to be used to send crypto to the scammer from R. But HSBC provided some warnings based upon the payment reason it was given. And based upon what I've said above, I think that was reasonable thing to do here.

So, I'm not persuaded HSBC treated Mr D unfairly here by not intervening. As a result, I don't think HSBC needed to take any further action.

Recovery

My understanding is that the funds were sent from R to the scammer so HSBC could not have recovered the funds from Mr D's account with R.

This is a difficult message for me to give as I know how strongly Mr D feels about this matter given his loss and personal circumstances. But given the evidence I have, I'm unable to reasonably reach any other conclusion in the circumstances of this complaint. To be clear, I'm not blaming Mr D for the loss – it's ultimately the scammer who is to blame. But for the reasons I've explained above, I don't think he's been treated unfairly by HSBC.

So, taking everything into account, I don't think HSBC needs to take any further action.

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 Mr D to accept or reject my decision before 13 April 2026.

Mark Dobson
Ombudsman