

The complaint

Mr C complains, via a representative, that HSBC UK Bank Plc (“HSBC”) won’t refund the money he lost to a fake job scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here.

In brief, Mr C fell victim to a fake job scam. I will call the scammer ‘B’. B told Mr C that he would be paid for completing a number of tasks, but he would have to send funds to B via a crypto exchange to unlock these tasks.

In total, Mr C made 7 payments via Debit Card to a crypto exchange totalling over £4,000 between 12 July 2023 and 17 July 2023.

When Mr C did not receive his “earnings” from B, he realised he had been scammed. He complained to HSBC about this matter as he believes that HSBC should have prevented the payments being made. HSBC did not uphold his complaint.

Our investigator also did not uphold this complaint. He thought that HSBC should have intervened and provided a general crypto investment warning when a payment for £1,000 was made on 13 July 2023. But at the time, such a warning would not have typically included warnings about job scams. So the investigator concluded that a warning would likely not have stopped Mr C from carrying on with the transactions in question.

Mr C did not agree and therefore his 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.

It isn’t in dispute that Mr C has fallen victim to a scam here, nor that he authorised the disputed payments he made to B. The payments were requested by him using his legitimate security credentials provided by HSBC, and the starting position is that HSBC ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I’ve considered whether HSBC should have done more to prevent Mr C from falling victim to the scam. As there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character for that account holder.

Given the size of the first 5 transactions, I don't think that they were unusual enough compared to Mr C's usual account activity to have prompted an intervention from HSBC. I note that there were multiple transactions in a day which, in certain situations, could be an indication that someone is being scammed. But in this instance, given the size of the transactions, I don't think that an intervention was merited.

In relation to payment 6, this represented the fifth payment in a day to a crypto exchange. Multiple payments in a day to a crypto exchange could be the sign that someone is at increased risk of financial harm. So I would've expected HSBC to show Mr C a general warning around crypto investment scams, setting out the common features of such scams, as it could see he was sending a payment to a known crypto exchange.

I understand HSBC didn't do this. So, I've then thought about whether a warning from HSBC could've prevented Mr C from sending this payment.

Having done so, I'm not persuaded it would've prevented Mr C from losing his funds. After all, Mr C wasn't investing in cryptocurrency. He understood he was using the cryptocurrency platform to deposit funds into his account, to spend on unlocking tasks from his 'employer'. So, I'm not satisfied the kind of warning I'd have expected at this time would've stopped him from going ahead with the payments. The kind of risk HSBC would've been highlighting simply didn't relate to the situation Mr C was in.

So overall I think that HSBC should have done more but I do not think that this would have stopped the scam.

Recovery

I've also thought about whether HSBC could have done more to attempt to recover the payments after Mr C reported the fraud. But the Contingent Reimbursement Model ("CRM") does not apply to debit card payments. I also don't think the funds could have been recovered via other means.

I appreciate this will come as a disappointment to Mr C, and I'm sorry to hear he has been the victim a scam. However, I'm not persuaded that HSBC can fairly or reasonably be held liable for the losses that he said he incurred 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 Mr C to accept or reject my decision before 18 December 2024.

Charlie Newton
Ombudsman