

Ombudsman Decision**CIFO Reference Number: 24-000363****Complainant: Mr S****Respondent: HSBC Bank Plc, Jersey Branch****Complaint**

The Complainant, who I will refer to as Mr S, complains that HSBC Bank Plc, Jersey Branch will not refund him money he lost in an investment scam.

Background

In November 2023, Mr S was befriended over a popular social media platform. Conversation turned to investment and, after doing some research, Mr S was persuaded by his friend to invest in an investment platform that appeared to be associated with a legitimate, regulated business.

Mr S transferred money from his HSBC account to cryptocurrency accounts he held with a cryptocurrency exchange, sometimes directly and sometimes via an account he held with an Electronic Money Institution (EMI). From there, he converted the money into cryptocurrency and ultimately sent it on to the investment platform, which he later discovered was fake.

He says that some time after Christmas 2023 he received an email saying he needed to pay tax on the trading profits he had made. He expressed some doubts and concerns to his friend but he paid the amounts he was told he owed in taxes. When he checked his online investment account later, the balance was zero and

¹ Financial Services Ombudsman (Jersey) Law 2014 Article 16(11) and Financial Services Ombudsman (Bailiwick of Guernsey) Law 2014 Section 16(10)

he could not make further contact with his friend. He realised he had been scammed.

Mr S says he made the following payments from HSBC as part of this scam. Each of the payments was made by debit card.

Transaction	Date	Amount	Destination
1	17/11/2023	£116.00	Own cryptocurrency account
2	17/11/2023	£81.61	Own cryptocurrency account
3	21/11/2023	£250.00	Own cryptocurrency account
4	28/11/2023	£2,008.40	Own EMI account
5	30/11/2023	£2,209.24	Own EMI account
6	05/01/2024	£3,012.60	Own EMI account (payment returned)
7	05/01/2024	£3,100.00	Own cryptocurrency account
8	05/01/2024	£40.00	Own cryptocurrency account
9	10/01/2024	£2,150.00	Own cryptocurrency account

He contacted HSBC to report the fraud on 10 January 2024, but HSBC would not refund his money and so he complained to HSBC.

Mr S says HSBC ought to have intervened in this series of transactions. He says the fourth payment represented a marked change in account usage and was out of character. He felt the payment was clearly being sent to a cryptocurrency exchange and ought to have flagged with HSBC as a suspicious transaction.

HSBC did not uphold Mr S's complaint and it does not believe it is responsible for his losses. It said he authorised the transactions. It also says it believes he acted without due care and led HSBC to believe these payments were genuine when it called him on 24 November 2023 in relation to another transaction.

I wrote to the parties and explained why I considered Mr S's complaint should not be upheld. I explained that I was satisfied Mr S had been the victim of a scam in which he lost the money he had claimed from HSBC.

I said I considered transaction seven ought to have caused sufficient concern to HSBC that it should have intervened because this was the second transaction on that day for over £3,000, it was being sent to a cryptocurrency exchange and was part of an emerging pattern of transactions to cryptocurrency and electronic money institutions that were increasing in value over time.

I thought a proportionate intervention would have been for HSBC to have sent Mr S a written warning about investment scams, covering the common features of such scams. However, I also explained why I considered that such a warning was unlikely to have prevented Mr S's further losses, mainly due to the influence of his friend.

I also explained why there was no realistic prospect of HSBC being able to recover Mr S's money, since money had been moved by Mr S from HSBC to other accounts Mr S controlled and then moved on from there to a cryptocurrency wallet controlled by the scammer. As such HSBC would have no basis on which to attempt chargebacks on the transactions.

Subsequent submissions

Mr S's representatives requested a final decision. They said a timely intervention with an appropriate warning could have played a crucial role in reinforcing Mr S's doubts and might have led to a different outcome.

They considered the pattern of transactions was indicative of a scam and should have warranted more than just an automated warning from HSBC. It required a more substantial intervention that could have alerted Mr S to the risk he was facing.

Findings

I have considered all the available evidence and arguments to decide what is, in my opinion, fair and reasonable in the individual circumstances of this complaint. Where necessary and/or appropriate, I reach my conclusions on the balance of probabilities, that is, what I consider is most likely to have happened, in light of the evidence that is available and the wider surrounding circumstances. While the parties have provided a significant amount of information and submissions, I

do not intend to answer every single point in the same way. This is not intended to be discourteous but rather a reflection of our informal role as an alternative dispute resolution service. I will focus on the main points I consider to be relevant to the complaint.

Neither party has disputed my findings that HSBC ought to have intervened in transaction seven and that there was no realistic prospect of HSBC being able to recover Mr S's money. However, Mr S has made further submissions about the type of intervention that should have been made and the possible results of such an intervention. I have focused on those points in this decision.

I have considered whether HSBC should have contacted Mr S to ask questions about the payments and provide warnings by telephone or through other in-person intervention. Having done so, I remain of the view that this would not have been proportionate here. At the point I consider HSBC ought to have intervened, Mr S had made several payments, mostly of relatively low value and over a period of around seven weeks, so not particularly frequently. While I consider the transactions on 5 January 2024 were enough to have caused HSBC sufficient concern to have led it to provide a warning to Mr S, it does not follow that such a warning must be made in person. I am conscious that HSBC processes many payments every day and cannot intervene in every transaction and where it does, its interventions should be proportionate. Telephone contact by a member of staff will not be proportionate for every payment that raises concern. I do not consider the size, frequency or pattern of payments here was such that telephone intervention was warranted.

I consider a written warning about the common features of investment and cryptocurrency scams would have been proportionate here. Such a warning might have included warnings about being asked to download remote access software, about the need to research investments, being wary of hearing about investment opportunities through social media or having a dedicated account manager making trades on a customer's account, amongst other things. Some of those applied to Mr S's circumstances, while others did not.

I accept that it is possible that such a warning from HSBC, on 5 January 2024, might have acted to raise doubts or reinforce doubts that Mr S had about the

investment around this time. On balance though, I am not persuaded that is more likely than not.

I have read the messages between Mr S and his friend. These indicate Mr S was heavily reliant on advice and guidance from his friend, who appears to have been involved in the scam. For instance, on 7 January 2024, Mr S told his friend they were one of the most important people in his life and there are other similar messages expressing deep trust in his friend, seeking guidance about investment, or asking them to invest his money for him. While Mr S expressed his doubts about the investment platform to his friend from at least 9 January 2024, he ultimately proceeded, apparently due to the trust he placed in his friend.

Around 9 January 2024, Mr S mentioned he was suspicious about being asked to pay tax on an investment, with no official documents or contact from HMRC. He queried why he would be asked to pay tax on the investment at that time and not in the next tax year. He voiced doubts the trading account was endorsed by the legitimate trading platform he had thought it was associated with and he said he could be sending his money anywhere. So, around 9 January 2024, he was aware of the possibility this was a scam. But he still went ahead and made a further payment towards the tax that he had been asked to pay. Mr S's doubts seem to have been outweighed by the influence of his friend.

It is not clear Mr S had these doubts on 5 January 2024, or whether they started to form slightly later. It is possible that a warning on 5 January 2024, added to any doubts that might have been emerging, could have led Mr S not to make the last few payments from 5 January 2024 onwards.

But since he proceeded with a payment on 10 January 2024 despite the concerns he had, seemingly due to the trust he placed in his friend, it is not clear that if HSBC had provided a warning on 5 January 2024 that such a warning would have overridden the trust he placed in his friend. It seems to me that a warning from HSBC on 5 January 2024, that would have likely warned about a variety of things, some relevant to Mr S's situation and some not, is unlikely to have caused greater concerns than Mr S expressed on 9 January 2024 and which ultimately did not prevent him from making the last payment.

Final Decision

For the reasons given above, I do not uphold Mr S's complaint.

ursue his legal rights through other means.

Greg Barham
Ombudsman

Date: 15 October 2025