

## **The complaint**

Mr S complains that HSBC UK Bank Plc won't refund the money he lost when he was the victim of a scam.

## **What happened**

In early 2023, Mr S saw an advert on social media offering the chance to make money with loan refunds. He messaged the person who posted the advert to ask how it worked and was told loans would be applied for in his name. He would then send half of the loan money to bank details the person gave him, and the loans would then be cancelled – leaving Mr S with the remaining half of the loan money. And as Mr S thought this would be a good opportunity to help with his finances, he decided to go ahead.

Mr S gave the person he had messaged his log-in details to access his credit file. Three loans were applied for in his name and the funds from these loans were received into Mr S's HSBC account. And Mr S then sent six payments from his HSBC account to the bank details the person gave him. But the loans were not then cancelled, so Mr S realised he had been the victim of a scam and reported the payments to HSBC.

HSBC investigated but didn't agree to refund the payments Mr S had made. Mr S wasn't satisfied with HSBC's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think Mr S could reasonably have thought the person he was messaging was legitimate, so they didn't think HSBC was required to refund the money he had lost. Mr S disagreed with our investigator, so the complaint has been passed to me.

## **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 don't think it would be fair to require HSBC to refund the payments Mr S made here. I'll explain why below.

Before our service considers whether a bank has done enough to protect its customers, we must first be satisfied that a customer has been the victim of a scam.

HSBC is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the code where they have been the victim of a scam – as defined in the code.

The CRM code defines a scam as where a customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person. Or where the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

I've not seen any suggestion that Mr S made the payments to a different person than who he thought he was making the payments to. So the first part of this definition isn't relevant here.

The second part of the definition of a scam requires that the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent. And from what I've seen of the messages between Mr S and the person he was communicating with about this, Mr S was told loans would be applied for in his name and then the loans would be cancelled so that he didn't have to pay the money back.

But I don't think Mr S can reasonably have thought the way this was described to him was legitimate. It required borrowing money from a bank and then not paying it back, which is not what a bank would think was happening when agreeing to lend money. There doesn't appear to have been any mention of any investment or other reason why the loan wouldn't have to be paid back, other than it being cancelled. And the evidence Mr S was sent of this being done for other people included an email where the loan was cleared due to fraudulent activity, which he knew wasn't the case with the loans he was taking out.

The communication I've seen also shows Mr S questioned how the loan was cancelled, so it appears he was aware this isn't how a legitimate loan would usually operate. And I don't think the explanation he was given should have given him any reassurance that what was happening was legitimate.

So I don't think Mr S can reasonably have believed that the payments he was making were for legitimate purposes. And so I don't think the circumstances here meet the definition of a scam from the CRM code.

The payments Mr S made are therefore not covered under the CRM code, and I don't think it would be fair to require HSBC to refund the payments he made.

### **My final decision**

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 7 June 2024.

Alan Millward  
**Ombudsman**