

## **The complaint**

Mr M complains that HSBC UK Bank Plc ('HSBC') won't refund payments he made after falling victim to a scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

Mr M met a third party, S, while on holiday. This person explained that they were the director of a company, L, that would IPO (Initial Public Offering) soon. S offered Mr M the opportunity to buy shares in the company before the IPO, meaning he would stand to make a significant profit once the company had gone public.

Mr M was invited to S's property on numerous occasions, shown proposals, company documents and projections regarding their future operations. Mr M also reviewed the company website, which he found to be very professional. Mr M agreed to purchase shares in L.

Mr M made payments in order to purchase the shares to an HSBC account as directed to by S, totalling £162,550, between June 2021 and June 2023.

In 2023, after numerous delays in the IPO date, Mr M raised a scam claim with HSBC – through a professional representative. Mr M felt that he'd been scammed given the delays in the company going public. He also felt that the fact he'd made payments after the company had receiving a winding up order demonstrated that the company wasn't legitimate. HSBC declined Mr M's complaint on the basis that they had adhered to their account opening procedures and their 'Know Your Customer' requirements. Unhappy with this response, Mr M referred his complaint to our service.

An investigator looked into Mr M's complaint but didn't uphold it. Overall, they felt they'd acted in accordance with their legal and regulatory obligations as well as the Contingent Reimbursement Model (CRM) Code.

Mr M disagreed with the investigator's findings. Mr M's representatives supplied additional evidence and arguments, including the following:

- HSBC were negligent in monitoring the account activity of the beneficiary account and failed to question the unusual transactions.
- Had HSBC investigated the account activity further, they would've found concerning information about S and they wouldn't have been able to supply sufficient evidence to demonstrate that the payments were for a legitimate purpose.

As the complaint couldn't be resolved by the investigator it has been passed to me for a final 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.

HSBC are a signatory of the Lending Standards Board's Contingent Reimbursement Model (CRM) Code which requires firms to reimburse customers who have been the victims of authorised push payment (APP) scams. Banks and Building Societies have long-standing obligations to ensure accounts aren't opened, or being used, fraudulently.

The Financial Ombudsman Service can only consider complaint about any acts or omissions against receiving banks in relation to account opening procedures from 31 January 2019, as this is the date this came this Service's jurisdiction. I've seen evidence which shows that account complained about was opened prior to 31 January 2019. Because of this, I cannot make a finding on whether HSBC failed in their duties when opening the account.

When considering HSBC's liability in relation to the monitoring of the account in question, I've reviewed the activity of the account and whether it was indicative of fraud taking place and whether HSBC ought to have stepped in and questioned the account holder. I've also considered HSBC's actions when they received notification of fraud from the remitting bank in order to help draw a conclusion in relation to this aspect of Mr M's complaint.

When HSBC received a notification of fraud from one of the banks Mr M had made payments from, they reached out to S to obtain further information about the allegations made by S. From here, I can see that S supplied HSBC with further information and evidence as to the reason for receiving the funds and disputed that they'd been obtained fraudulently.

While I can't divulge the exact detail of the responses received by HSBC, I'm satisfied that the information they received was detailed and gave plausible explanations and reasoning as to the purpose of the payments.

Having reviewed the account statements, I agree that the activity was suspicious enough that HSBC ought to have intervened and questioned the account holder sooner than the date they received a fraud claim.

But, while I can't see that HSBC had discussed any account activity with the account holder prior to the scam claim being received, I think it's more likely than not that the account holder would've supplied the same information they did when the fraud claim was received had HSBC intervened sooner. And, as I believe that this information gave plausible explanations and reasoning as to the purposes of the payments and would've satisfied that the payments were received for legitimate purposes, I don't think HSBC's lack of intervention has caused a loss to Mr M.

Overall, I'm satisfied that HSBC acted appropriately when they received the fraud claim from the remitting bank and the information they received from their account holder was sufficient for them to be satisfied that the account was being used legitimately. Further to this, I believe that, had any conversations taken place with the account holder prior to this, it's more likely than not that HSBC would've received sufficient information to demonstrate that the payments were being received for a legitimate purpose. Because of this, I can't say that any of HSBC's actions led to Mr M's loss or that they should compensate him on that basis.

## **My final decision**

My final decision is that I do not uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 April 2025.

Billy Wyatt  
**Ombudsman**