

## **The complaint**

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

## **What happened**

In October 2022, Mr M was told about an opportunity to invest with an investment company by an introducer he had used previously. He replied that he was interested and, after being sent information about the investment and speaking with the investment company, Mr M agreed to invest. He then made a payment of £25,000 from his HSBC account to account details he was given for the company.

Mr M received the quarterly interest payments he was told he would for the first year, and agreed to re-invest for a second year. But unfortunately, he then didn't receive the interest payments he was expecting in the second year, and the investment company hasn't returned his original investment and isn't responding to his communication. Mr M therefore reported the payment he had made to HSBC as a scam and asked it to refund the money he had lost.

HSBC investigated but said this appeared to be a genuine investment with a genuine company. So it didn't agree Mr M had been the victim of a scam and didn't agree to refund the money he had lost. Mr M 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 the available evidence was sufficient to say Mr M had been the victim of a scam. So they didn't think HSBC should have to refund the money he had lost. Mr M 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.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

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 relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So in order to determine whether Mr M has been the victim of a scam as defined in the CRM code I need to consider whether the purpose he intended for the payment was legitimate, whether the purposes he and the investment company intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the company.

From what I've seen and what he's told us, I'm satisfied Mr M made the payment here with the intention of investing with the investment company. He thought his funds would be invested by the company, and that he would receive interest payments in exchange for his investment. And I haven't seen anything to suggest that Mr M didn't think this was legitimate.

But I'm not satisfied the evidence I've seen shows that the investment company intended a different purpose for the payment, or that Mr M's and the company's purposes for the payment weren't broadly aligned.

Mr M has said he hasn't received the interest payments he was told he would following his investment being re-invested for a second year. But companies can fail to meet the terms of agreements they have made and investments can fail to produce the expected returns for a number of reasons, that don't necessarily mean they have been operating a scam. And Mr M hasn't provided any evidence that specifically relates to the payment he made or what he was supposedly investing in, which shows that the investment company never intended to carry out the investment – rather than that it failed for some other reason.

Mr M was told about the investment by an introducer he's said he's worked with successfully before. And I wouldn't expect a company operating a scam to be able to arrange this kind of introduction and recommendation. This investment company had been listed on the government's register of limited companies and filed accounts for a number of years before the payment Mr M made, which I wouldn't necessarily expect of a company operating a scam. And Mr M received a significant amount of interest back from the investment company over the first year after he invested, which I also wouldn't necessarily expect of a company operating a scam.

I also haven't been provided with any evidence of any investigation by an external organisation which concludes that the investment company was operating a scam or that any charges should be brought against anyone involved with the investment company as a result.

So I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the investment company intended for this payment was different than the purpose Mr M intended. And so I don't think the circumstances here meet the definition of a scam, or that HSBC has acted unreasonably in not agreeing to refund the money Mr M lost from this payment as a result.

It's possible that material new evidence may become available at a future date, which suggests that the investment company did take the payment using dishonest deception. If that happens, Mr M can ask HSBC to reconsider his claim for this payment and, if not satisfied with its response, bring a new complaint to our service.

I'm sorry to disappoint Mr M, as I know he has lost a significant amount of money. But I'm not satisfied that I can fairly ask HSBC to refund him based on the evidence that is currently available.

### **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 M to accept or reject my decision before 15 August 2025.

Alan Millward  
**Ombudsman**