

## **The complaint**

Mrs M complains about HSBC UK Bank Plc.

She says that she has been the victim of a scam and would like HSBC to refund her the money she says she has lost.

## **What happened**

In 2024, Mrs M decided to invest £7,000 in a 'rent-to-rent scheme' I will refer to as 'R'. She says that she decided not to go ahead with the investment after the property she invested in was not handed over in the agreed timeframe and asked for a refund which wasn't received.

Mrs M complained to HSBC about what had happened, but it declined to refund her, and said that this was a civil dispute between Mrs M and R.

Mrs M then brought her complaint to this Service, and it was looked into by our Investigator.

They also didn't think that Mrs M's complaint should be upheld – they explained that while it was clear that Mrs M was without her money, or access to the property, there wasn't enough evidence to suggest that R set out to scam her.

Mrs M asked for an Ombudsman to make a final decision, 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 have decided not to uphold this complaint, for broadly the same reasons as our Investigator. I know this will be disappointing for Mrs M, and I can understand that she is upset about the loss of her funds – but in order for me to uphold this complaint against HSBC I would have to find evidence that it was responsible for refunding her loss, and I'm afraid that I don't have enough evidence to say that it is. I'll explain why.

In broad terms, the starting position at law is that a bank such as HSBC is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (PSR's - in this case the 2017 regulations) and the terms and conditions of the customer's account. It isn't in dispute that Mrs M authorised the payments to R – so the starting point is that she is liable for the transactions. But Mrs M also says that she has been the victim of an authorised push payment (APP) scam.

HSBC has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have set out the definition of an APP scam as set out in the code below.

... a transfer of funds executed across Faster Payments...where:

- (i) The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
- (ii) The Customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent.

The CRM Code is also explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

*"This Code does not apply to:*

- b) private civil disputes, such as where a Customer has paid a legitimate supplier for goods, services, or digital content but has not received them, they are defective in some way, or the Customer is otherwise dissatisfied with the supplier."*

I've considered whether the payments made to R fall under the scope of an APP scam as set out above – and having done so I am not persuaded that they do do. I'll explain why in more detail.

I'm satisfied that Mrs M intended her funds to be used to rent a refurbished property that she would subsequently sub-let – so I've gone on to consider the purpose R had in mind when it received the money from Mrs M – and if this was in line with what Mrs M thought her funds would be used for.

As part of looking into Mrs M's complaint, this Service has also reached out to the bank which received Mrs M's money. While I am not able to share information from this account for data protection reasons, the account movements do appear to show that the payments in and out of the account were consistent with what I would expect to see for a business engaged in property services – and on balance, I think that Mrs M's funds were being used for a purpose that aligns with what she agreed to.

Further to this, looking at the information Mrs M has provided to this Service, Mrs M received a genuine looking contract from R in relation to a property she wanted to rent and subsequently sublet as an investment. It also appears that at the time she made her payments, R was registered as a business with Companies House and was also registered with the Property Redress Scheme (PRS). While I accept that R has now been dissolved, and been suspended from the PRS, I can't say that this means that at the time Mrs M made her payments, R set out to deliberately defraud her.

I am also aware that Mrs M has since visited the site where the property she was supposed to be renting a refurbished property in January 2025 and found the building hadn't been refurbished by R and was now being advertised by a different business. Mrs M has provided a picture, and it appears that no renovation work has been completed at all on the building. While this could be concerning, I am mindful that this was over a year after the agreement Mrs M had with R. And I'm not able to say that at the time Mrs M made her payments, R had no intention of completing the refurbishment or letting the property.

Overall, I do not have enough to safely conclude that Mrs M was the victim of a scam – therefore there is no obligation for HSBC to refund her under the CRM code – and I cannot direct it to do so.

I am very sorry that Mrs M is out of pocket due to her investment not working out as planned – but many genuine investments fail and enter administration for genuine reasons and not because they were set up to deliberately defraud and scam people out of their money. And I believe this to be the case in this instance.

**My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 11 March 2026.

Claire Pugh  
**Ombudsman**