

## The complaint

Mr B complains that HSBC UK Bank Plc ('HSBC') won't refund the money he lost after falling victim to a scam.

## What happened

In 2024 Mr B's father was introduced to an investment opportunity. The investment involved an individual I'll refer to as V. V said he had access to repossessed properties that could be bought for a price significantly below market value. The investment involved two companies that I'll refer to as B and W, who Mr B was told owned the properties.

Mr B and his father both invested, by purchasing properties from V/W. After two properties had been purchased, they needed to refinance the properties in order to purchase a third property. As part of the refinancing process, it was ascertained that V/W never owned the properties and they were never transferred into Mr B, or his father's name.

These are the payments that Mr B made from his HSBC account as part of the scam.

Date	Pmt	Details of transaction	Amount
12.6.2024	1	Transfer to W	£20,000
16.6.2024	2	Transfer to W	£25,000
17.6.2024	3	Transfer to W	£25,000
27.6.2024	4	Transfer to W	£25,000
1.7.2024	5	Transfer to W	£2,000
4.7.2024	6	Transfer to W	£25,000
13.7.2024	7	Transfer to W	£20,000
		<b>Total invested</b>	<b>£142,000</b>

Mr B reported the scam to HSBC in July 2024. HSBC considered Mr B's claim under the Contingent Reimbursement Model Code (CRM Code) but declined to refund Mr B. HSBC say they provided a warning when Mr B made the payments, and Mr B could've done more to prevent his loss.

Mr B wasn't happy with HSBC's response, so he brought a complaint to our service.

An investigator looked into Mr B's complaint and recommended that HSBC refund him in full. The investigator wasn't satisfied that HSBC could rely on an exception to reimbursement under the CRM Code, saying the warning Mr B was shown wasn't effective and that Mr B had a reasonable basis for believing the opportunity to purchase the properties was genuine.

HSBC didn't agree with the investigator's opinion, saying it was premature for our service to reach an answer on the case while a police investigation was ongoing.

The investigator responded saying we had sufficient evidence to reach an answer prior to the completion of the external investigation.

HSBC still didn't agree and asked for an ombudsman to review the case.

Having reviewed the case, I reached the same answer as the investigator. So, I got in touch with HSBC, sharing an online article from the Regional Organised Crime Unit Network which said V had been convicted and jailed for 10 years in relation to selling properties he didn't own. This was new information which hadn't been shared with HSBC, so I asked HSBC to reconsider their position.

HSBC still declined to reimburse Mr B, saying it's unclear if any monies would be awarded to Mr B under confiscation proceedings, so it's unreasonable for our service to ask HSBC to refund Mr B in full.

### **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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is more likely than not to have happened in light of the available evidence.

In broad terms, the starting position in law is that HSBC are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations (PSR's). Here it's not disputed that Mr B authorised these payments.

#### Is it appropriate to determine this complaint now?

I have considered whether it would be appropriate to delay my decision in the interests of fairness, as I understand that the confiscation proceedings may not have concluded.

There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations or asset recovery action. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues on the basis of evidence already available.

In order to determine Mr B's complaint, I have to ask myself whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that Mr B was the victim of a scam rather than a failed investment. But I wouldn't proceed to that determination if I consider fairness to the parties demands that I delay doing so.

I'm aware that Mr B first raised his claim with HSBC in July 2024 and I need to bear in mind that this service exists for the purpose of resolving complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Mr B an answer for an unspecified length of time would be appropriate unless truly justified. And, as a general rule, I'd not be inclined to think it fair to the parties to a complaint to put off my decision unless, bearing in mind the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the issues.

I'm aware the confiscation proceedings might result in some recoveries for V/W's creditors/investors. In order to avoid the risk of double recovery, I think HSBC would be

entitled to take, if it wishes, an assignment of the rights to all future distributions to Mr B under those processes in respect of this investment before paying anything I might award to Mr B on this complaint.

For the reasons I discuss further below, I don't think it's necessary to wait for the confiscation proceedings to conclude for me fairly to reach a decision on whether HSBC should reimburse Mr B under the provisions of the CRM Code.

#### Is Mr B entitled to a refund under the CRM Code?

HSBC are a signatory of the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

The CRM Code defines what is considered an APP scam as, "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

In order to decide whether the circumstances under which Mr B made his payments, meets the definition of an APP scam, I need to consider:

- The purpose of the payments and whether Mr B thought this purpose was legitimate.
- The purpose the recipient (W) had in mind at the time of the payments and whether this was broadly in line with what Mr B understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mr B was making payments to W for the purchase of properties. I haven't seen anything to suggest Mr B didn't think this was a legitimate purpose.

So, I've gone on to consider what purpose W had in mind and whether it was in line with what Mr B thought.

In reaching an answer on what purpose W had in mind, I've considered the wider circumstances surrounding W, as well as V. The key information is:

- V was convicted and sentenced to 10 years in jail for fraudulently selling homes and land he did not own. This information has been obtained from the Regional Organised Crime Unit Network. V was an alias and not the scammers genuine name, and several other aliases were also used. For consistency, I'll continue to refer to them as V.
- The Transfer of Title deed that Mr B received in relation to the property he purchased was fraudulent. The property was never owned by W, B or V and it was never transferred into Mr B's name.

Based on the evidence, I'm not satisfied that V obtained Mr B's funds for the purchase of properties and that he had a significantly different purpose in mind. And, based on the fact the property purchase wasn't completed, and the title wasn't transferred to Mr B as agreed, that V obtained Mr B's funds through dishonest deception. It's clear that Mr B never received the property he paid for.

On that basis, I'm satisfied that Mr B was the victim of an APP scam and his payments are covered by the CRM Code.

The CRM Code says that Mr B is entitled to a full refund unless HSBC can establish that an exception to reimbursement applies.

#### Does an exception to reimbursement apply?

Under the CRM Code, a bank may choose not to reimburse a customer if it can establish that\*:

- The customer made payments without having a reasonable basis for believing that the payee was the person the customer was expecting to pay; the payment was for genuine goods or service; and/or the person or business with whom they transacted was legitimate.
- The customer ignored effective warnings, by failing to take appropriate action in response to such an effective warning.

*\* There are further exceptions outlined in the CRM Code, but they don't apply to this case.*

I'm satisfied that Mr B had a reasonable basis for believing the investment was legitimate. I say this because Mr B was introduced to the investment by a work colleague who had purchased a property through V. Mr B says he didn't believe the purchase price was too good to be true as his father knew someone who dealt in repossessed properties, and they didn't have any concerns.

Mr B and his father were taken to view the first two properties. V had keys for the properties and Mr B and his father were able to look around them. Mr B was told that he couldn't see inside the third property as it was still occupied and in the process of being repossessed – which was reasonable in the circumstances.

V used the name of a genuine solicitor firm, who he told Mr B would arrange the transfer of title for the property. Mr B says he looked online and found that the solicitor firm was genuine, although he didn't contact them directly. V had forged signatures and the solicitor firm wasn't actually involved. V also provided paperwork which looked legitimate, including a Real Estate Purchase Agreement and a copy of the HM Land Registry Title – which showed that W owned the property Mr B was purchasing.

While Mr B didn't engage his own solicitor or get independent advice, I'm not satisfied that alone this means he didn't have a reasonable basis for belief. All of the paperwork looked legitimate, and Mr B believed that a genuine solicitor was involved in the transaction. Also, V having the keys to the properties, supported his claim that he was in possession of them. Mr B only became aware of the scam when he tried to arrange refinancing on the first two properties that were purchased. At that time, it was identified that the properties were owned by third parties, the property hadn't been transferred into Mr B's name, and the genuine owners of the property weren't involved in the transaction.

So, I'm not satisfied that HSBC can't rely on the first exception to reimbursement.

#### The warnings Mr B was shown

Mr B was shown an onscreen warning when he made payments one, two and six. Each time Mr B was asked the reason for his payment, and he said that he was paying for goods/services. This is the warning Mr B saw:

### **Stop and think!**

*If this is a scam you could lose your money.*

### **Signs of a scam**

*Is someone telling you what to do?*

*If someone has told you to mislead us about the reason for your payment and choose the wrong payment type, stop. This is a scam.*

*How did you find out about the goods/service?*

*Fraudsters may advertise products, goods or services on social media or other online marketplaces. In some cases, they even set up and use legitimate-looking websites.*

*Do you really know them?*

*Fraudsters may use social media to build up a relationship with you to gain your trust before asking you to send them money.*

The warning then moves to a second screen which suggests ways that Mr B could protect himself.

I'm not satisfied that this warning was effective as it wasn't specific to the circumstances of the scam Mr B was falling victim to. Also, social media wasn't how he found the investment opportunity so it wouldn't have resonated with Mr B. And there isn't any evidence that Mr B was told to lie or mislead HSBC in making his payment.

HSBC say Mr B should've selected a different payment purpose related to making a large purchase, which would've been more appropriate to his situation. However, I'm not satisfied that warning would've been considered effective either.

I say this as the warning again refers to social media contact, which isn't relevant in this situation, and it also refers to being contacted by email and confirming the bank details – which wouldn't have impacted Mr B or prevented his loss. It talks about false websites and fake reviews, which don't apply to Mr B's situation. It also suggests not making payment by bank transfer, which was the most appropriate way for Mr B to make his payments based on the size of them and the circumstances under which they were being made. So, I'm not satisfied that warning would've been effective either.

Having considered all the points raised by HSBC, I'm not satisfied that they can rely on either exception to reimbursement under the CRM Code. This means Mr B is entitled to a full refund of £142,000.

### The risk of double recovery

HSBC are concerned that Mr B may benefit from double recovery depending on the confiscation proceedings. In order to avoid the risk of double recovery, HSBC is entitled to take, if it wishes, an assignment to the rights of all future distributions obtained through the confiscation process before paying the award.

### The interest award

In calculating the interest award, I've considered at what point HSBC had enough information to reach an answer under the CRM Code.

When Mr B raised the scam claim with HSBC, he had discovered that the first two properties that he believed he'd purchased and received Transfer of Title Deeds for, hadn't been transferred to his name and that V/W didn't actually own the properties. This was sufficient evidence to show that Mr B's funds weren't used for the intended purpose by V/W and they had been obtained by dishonest deception. So, I'm satisfied that it's fair for interest to be calculated from the date HSBC declined Mr B's claim under the CRM Code to the date of settlement.

### **Putting things right**

To put things right I require HSBC UK Bank Plc to:

- Refund Mr B £142,000, and
- Pay 8% simple interest per year on the refund, calculated from the date HSBC declined his claim under the CRM Code to the date of settlement.\*
- In order to avoid the risk of double recovery HSBC is entitled to take, if it wishes, an assignment of the rights to all future distributions under the administrative process before paying the award.

\* If HSBC considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr B how much it's taken off. It should also give Mr B a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Your text here

### **My final decision**

My final decision is that I uphold this complaint against HSBC UK Bank Plc and require them to compensate Mr B, as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask to accept or reject my decision before 26 February 2026.

Lisa Lowe  
**Ombudsman**