

## The complaint

Mr O complains that HSBC UK Bank Plc hasn't reimbursed the money he says he's lost to a scam.

## What happened

Mr O says he's fallen victim to an investment scam.

In or around August 2022, he was invited to a webinar by a marketer for a company I'll refer to as 'V'. He's explained that he knew of the Financial Conduct Authority ('FCA') authorised and regulated marketer, and hadn't heard anything negative about them, so he decided to attend the webinar. He was impressed with the information imparted during the webinar and what V had to offer. He subsequently had a virtual meeting with the marketer, during which he was taken through V's background and the benefits of investing. He was told that returns of 6 – 15% per month were achievable.

Mr O says that a number of savvy investors known to him were investing with V, and he carried out the following due diligence before deciding to open an account:

- he looked at V's website and read its online reviews.
- he researched V's founders and met them in-person (in early February 2023).
- he checked Companies House ('CH').
- he reviewed V's professional and high-quality marketing material.
- he carried out a fraud check on the FCA's website.

Mr O says that there were no red flags and nothing to demonstrate that V was offering anything other than a legitimate investment opportunity.

During the account opening process, Mr O signed documentation and was taken through 'Know Your Customer' ('KYC') checks.

He made the following payments to V from his HSBC account:

Date of payment	Amount of payment
26 October 2022	£5,000
11 January 2023	£5,000
16 February 2023	£8,000
17 February 2023	£8,000

Mr O was given access to a fake trading portal which showed impressive returns. However, he hasn't been able to withdraw any returns, and V is now being investigated by the FCA.

Mr O reported the matter to HSBC on 28 September 2023. He asked the bank to reimburse him under the provisions of the Lending Standards Board's Contingent Reimbursement Model ('CRM Code'). He said that HSBC's systems failed to pick up on out of character payments that were indicative of fraud and, had the bank made an appropriate intervention, the fraud would've been prevented.

HSBC said that it's not clear there was an 'intent to scam' from the outset – there's a possibility this matter is a civil dispute, which wouldn't be covered under the CRM Code. It is awaiting industry guidance under the terms of the CRM Code and it's not possible to carry out a scam investigation at this time.

Mr O brought a complaint against HSBC to this Service. He said it is obvious that V was operating a scam because:

- there's an FCA warning about V.
- no returns were paid.
- V was unlicensed and victims were lied to about its regulatory status.
- V took money into personal accounts.
- there is no evidence of actual trading.
- the standard pattern of the current most common investment scams is present here, namely:
  - money was taken into an account not clearly linked to V before appearing as a deposit in an MT5 enabled account – customers were then shown consistent and impressive returns to encourage them to invest more.
  - there are numerous regulator warnings about V – including from the FCA – for unauthorised activity.
  - V lied about its regulatory status and being sponsored for an FCA licence.
  - the optimism about returns was completely unrealistic.
  - V never filed any accounts.

Mr O asked this Service to consider instructing HSBC to reimburse his financial loss and compensate him for its failure to investigate after the fraud was reported.

#### What did our investigator say?

Our investigator was satisfied that Mr O's situation meets the CRM Code definition of an Authorised Push Payment ('APP') scam, and that the FCA's investigation of V would have no impact on this. So, she assessed the case under the provisions of the CRM Code and found that HSBC should fully reimburse the disputed payments and pay interest at a rate of 8% per annum from the date the bank declined to reimburse Mr O to the date of settlement. She recommended that HSBC also pay Mr O £50 for the trouble and upset it has caused him.

Mr O accepted our investigator's findings, but HSBC did not. It said it's premature for this Service to reach an outcome on Mr O's complaint given the FCA's ongoing investigation of V.

#### My provisional decision

The case was passed to me to decide, and I issued my provisional decision on 10 June 2025. I'll set out my findings below.

#### 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 an FCA investigation is still ongoing.

There may be circumstances and cases where it's appropriate to await the outcome of external investigations. But it may also be possible to reach conclusions on the main issues based on the evidence already available.

In order to determine Mr O'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 he's been the victim of a scam here. I wouldn't proceed to that determination if I considered that fairness to the parties demands that I delay. But I need to bear in mind that this Service exists for the purpose of resolving complaints quickly and with minimum formality, so delaying giving Mr O an answer for an unspecified length of time would be inappropriate unless truly justified. As a general rule, I wouldn't be inclined to think it fair to postpone reaching a decision unless, considering the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the main issues.

For the reasons I will set out in full below, I don't think it's necessary to await the outcome of the FCA's investigation into V in order to reach a fair outcome on this case.

I'm aware that my decision not to postpone determining this case might lead to 'double recovery'. I think that HSBC would be entitled to take, if it so wishes, an assignment of the rights to all future distributions to Mr O in respect of this investment before paying any redress I award.

*Has Mr O been the victim of an APP scam, as defined in the CRM Code?*

It isn't in dispute that Mr O 'authorised' the disputed payments. Because of this, the starting position is that he's liable for the transactions. But HSBC was signed up to the CRM Code, which was in force when the disputed payments were made. And the CRM Code provides additional protection to APP scam victims, as Mr O claims to be.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who has been the victim of an APP scam. But the CRM Code only applies if the definition of an APP scam, as it sets out, is met. I have included the CRM Code's definition of an APP scam 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. It says:

*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 therefore considered whether the payments Mr O made to V fall under the scope of an APP scam as set out above, and I think they do. I'll explain why.

Our Service is now aware of a number of issues related to V, which suggest it was more

than likely operating a scam. For example:

- V's claims of at least being in the process of becoming regulated with relevant bodies such as the FCA in the UK and the Commission de Surveillance du Secteur Financier in Luxembourg are false.
- there is no evidence to substantiate V's claims around the profits it was able to generate via Forex trading.
- less than half of investor's funds sent to the founders of V were potentially used for the intended purpose of Forex trading, and I understand that investors sent funds in the belief that they would immediately be moved to a trading account to be used in Forex trading.
- V's account provider has shown that, when V applied for accounts, it lied at least twice – about partnering with a trading exchange and its regulatory status.
- none of the funds sent to V's business accounts were used for the intended purpose of trading in Forex.

Considering all of the above, I do not think V was using investor funds, such as Mr O's £26,000, for the purpose they were intended for. And I think this difference in purpose is down to dishonest deception on V's part. It follows that I'm satisfied this complaint meets the definition of an APP scam as set out in the CRM Code.

Returning to the question of whether, in fairness, I should delay reaching a decision in this case pending developments from external investigations, I have explained why I should only postpone my decision if I take the view that fairness to the parties demands that I should do so. In light of the evidence already available to me here, I do not consider it likely that postponing my decision would help significantly in deciding the main issues. In regards to the FCA's investigation of V, there is no certainty as to what, if any, prosecutions may be brought in future, nor what, if any, new light they would shed on the evidence and issues I've discussed.

#### Is Mr O entitled to reimbursement under the CRM Code?

I've considered whether HSBC should refund Mr O under the provisions of the CRM Code. Two exceptions to full reimbursement could apply in this case, if:

- Mr O ignored an effective warning that HSBC gave during the payment journeys; and/or
- Mr O made the disputed payments without a reasonable basis for belief that the payee was the person he was expecting to pay, the payments were for genuine goods or services and/or the person or business he was transacting with was legitimate.

HSBC says it gave warnings on three of the disputed payments. I've looked at the warnings HSBC says it gave, and I don't consider them to be effective. Overall, the warnings:

- contain a lot of text.
- attempt to cover off too many different types of investment scams and fail to bring them to life.
- start with a warning about being told to mislead the bank – but if a customer has chosen 'investment' then they likely haven't been told to provide a misleading payment purpose.

As HSBC didn't give a warning on one of the disputed payments, and the warnings the bank gave on the other three payments were not effective, I'm not satisfied that Mr O ignored an effective warning that HSBC gave, so that exception to reimbursement is not applicable

here.

From what I've seen, I'm persuaded that Mr O had a reasonable basis for belief in this case, so I'm not satisfied that this exception to reimbursement applies either. He:

- knew of the marketer that invited him to attend a webinar, was aware that they were FCA authorised and regulated, and hadn't heard anything negative about them.
- had a virtual meeting with the marketer after the webinar, during which he was told that returns of 6 – 15% per month were achievable – I don't think this rate of return sounds obviously too good to be true.
- knew a number of savvy investors that were investing with V.
- carried out his own due diligence before deciding to invest with V (he looked at V's website and read its online reviews, researched V's founders and met them in-person (in early February 2023), reviewed V's professional and high-quality marketing material, carried out a fraud check on the FCA's website).
- signed documentation and was taken through KYC checks during the account opening process, as would be expected with a legitimate business.
- was given access to a fake trading portal, which I have had sight of.

It's not clear what Mr O thought of V's lack of presence on CH, what persuaded him to invest three more times after his initial investment or whether he had any concerns about sending the first two disputed payments to a personal account. But considering all of the other points above, I think there was enough to reasonably convince Mr O that this was a genuine investment with a legitimate business.

For the reasons I've explained, I've provisionally decided to uphold this complaint and instruct HSBC UK Bank Plc to reimburse Mr O in full. It should also apply 8% simple interest per annum from the date of our investigator's view (27 November 2024) to the date of settlement. I say this because the information I've relied upon to uphold Mr O's complaint was not readily available to HSBC when the scam claim was first raised. So, the bank would not have been able to identify the issues that led to the complaint being upheld by me.

#### Responses to my provisional decision

Mr O accepted my provisional decision. But HSBC did not. In summary, the bank said it's not been determined that Mr O has been the victim of a scam – it's just as possible that his funds were in fact used for legitimate purposes – and it's premature to reach a decision in this case without the outcome of external investigations, which will consider the full facts.

#### **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.

As neither party has provided any new information or evidence for me to consider that I haven't already had the opportunity to think about, I see no reason to depart from the conclusions I set out in my provisional decision.

#### **My final decision**

For the reasons I've explained, my final decision is that I uphold this complaint and instruct HSBC UK Bank Plc to reimburse Mr O in full and pay interest at a rate of 8% simple per annum from the date of our investigator's view to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or

reject my decision before 24 July 2025.

Kyley Hanson  
**Ombudsman**