

## Complaint

Ms V is unhappy that HSBC UK Bank Plc didn't reimburse her after she reported falling victim to a scam.

## Background

In 2021, Ms V saw an advert on social media about someone who seemed to be a successful investor. She sent a message on the platform, and they then got in touch with her. I'll refer to that individual as Mr S. He outlined his plans for a property investment and asked whether she would be interested in investing. The project involved the renovation of a property in which individual homes would eventually be rented out to tenants.

After some discussion, he persuaded her it was a sound investment, and she agreed to invest £20,000 in June 2021. In the months that followed, she received a credit from the company of £333, which was in line with her expectations. Mr S provided update videos that showed the works being carried out on the property. The returns seem to have stopped in around March 2022. I understand Ms V pressed Mr S to allow her to withdraw funds from the investment. She says he eventually relented and allowed her to withdraw £5,000.

In September 2022, she was persuaded to make a further investment in another firm controlled by Mr S. This company would use client money to invest in cryptocurrency. She signed an agreement to invest £15,000. However, Mr S said that he would use the money he owed her to fund this investment, so it didn't require her to transfer any more funds. She was told that she could expect to withdraw her investment, plus £25,200 worth of interest six months later. When she tried to do so, Mr S said that his bank had blocked his account which was preventing him from making withdrawals. He offered further excuses, including chaos in his personal life.

Eventually, she determined that she must have fallen victim to a scam. She notified HSBC but it didn't agree to refund her. It said that, in its view, this was a private civil dispute, rather than a scam. Ms V wasn't happy with that and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. Ms V disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

## Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Under the relevant regulations, the starting position is that customers are responsible for payments they have authorised. Since Ms V authorised the payment in question, she is presumed liable for them. However, this is not the end of the matter. Banks are also expected to monitor account activity for signs of potential fraud. If a bank identifies indicators of risk, such as a payment being unusual or out of character, it should respond to that risk in a proportionate way. In addition to that, HSBC was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Signatories to the CRM Code

were generally required to reimburse customers who fell victim to authorised push payment (APP) scams, except if a limited range of exceptions applied.

However, the CRM Code doesn't apply in all cases. In order for Ms V to benefit from its provisions, what happened here has to meet the relevant parts of its definition of an APP scam. In other words, these payments must have been ones where Ms V *"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 [...] 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."*

The first matter, therefore, that I have to decide is whether the provisions of the CRM Code apply at all in view of the above. To find that this was fraud, I'd expect (a) there to be a misalignment between the purpose for which Ms V made the payment and the purpose for which it was procured by Mr S; and (b) that difference to have been due to dishonest deception on the part of Mr S. The key consideration here is what his intentions were. I obviously can't know what they were for sure, so I have to look at what the other available evidence shows and use that to infer what his intentions likely were.

The threshold for establishing fraud is a high one. In criminal proceedings, the standard of proof is "beyond reasonable doubt," but this service assesses cases using the civil standard of proof, which is based on the balance of probabilities. Under this standard, a finding of fraud must be more likely than not. Even so, the bar remains high. It is not enough for fraud to be a compelling or persuasive explanation, nor is it sufficient for it to be the most likely among several possible explanations. It must be more probable than the opposite conclusion i.e. that fraud did not occur.

I've considered the evidence submitted carefully and I'm not persuaded that it does meet that standard. I'll explain why. In respect of the first investment, I don't think the evidence is strong enough to say that this was an APP scam. She saw compelling evidence that works were being completed on the property in question and she did receive the promised returns for nine months before they stopped. I'm afraid I think this points to a project that was chaotically mismanaged to the extent that it failed, rather than Mr S intending to defraud Ms V at the outset.

I've considered that the company involved in the first investment was subject to an FCA warning in November 2021. The warning indicated the firm might have been providing financial services or products in the UK without proper authorisation. It isn't unlawful to invest in a private company's project, and such companies generally don't need regulatory approval. However, if the company was actively promoting investments, that would contravene the requirement to be authorised under section 19 of the Financial Services and Markets Act 2000 (FSMA), known as the general prohibition. While this points to possible misconduct or amateurish governance, it does not, on its own, prove the company was operating a scam

I've also had the opportunity to consider evidence submitted by the receiving bank – that is, the firm that operated the account controlled by Mr S. Sometimes such evidence can help to shed light on how a potential victim's funds have been used. However, in this instance, there is nothing to suggest Ms V's funds were misused. Furthermore, that firm has confirmed that it hasn't received other fraud allegations. Ms V wasn't the only investor and so, if this was a

deliberate scam, I wouldn't expect hers to be the only allegation that has been reported to Mr S's account provider. I agree that it was odd for Mr S to strike an agreement with Ms V to use the money he owed her to fund a cryptocurrency investment. But with the evidence currently available, I can't say for sure whether he did in fact invest her money as agreed and simply lost it due to poor investment performance.

I don't say any of this to downplay what Ms V has been through here. She put a lot of trust in Mr S and she hasn't received what she expected. I have a great deal of sympathy for her and the position she's found herself in. I also want to make it clear that this decision should not be interpreted as a categorical or definitive conclusion that she was not the victim of a scam. It remains entirely possible that she was.

However, my role requires me to base my findings on the evidence that is available to me. After carefully reviewing all of the material presented and considering the circumstances in detail, I am not satisfied that the high threshold for fraud discussed above has been met in this particular case. While I acknowledge the significant impact this has had on Ms V and the possibility of wrongdoing, the available evidence simply does not allow me to reach such a finding here.

I'm aware that the situation may change and material new evidence could become available in the future which would change this finding. If it does, Ms V should share it with HSBC first to allow it to consider her claim under the CRM Code. If she's unhappy with its response, she may be able to bring a new complaint to this service.

### **Final decision**

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms V to accept or reject my decision before 18 December 2025.

James Kimmitt  
**Ombudsman**