

The complaint

Mr A complains that HSBC UK Bank Plc ('HSBC') won't reimburse the funds he lost when he says he fell victim to a scam.

What happened

Mr A says that through his work he met someone I'll refer to as R in this decision. Over time Mr A and R built a relationship and Mr A says he visited R at home. R told Mr A that he was a professional investor and worked for a company I'll call G. He persuaded Mr A to invest in shares and cryptocurrency. Between 12 and 28 August 2019, Mr A paid R £10,000 over four payments (of £3,100, £3,500, £1,000 and £2,000). Mr A understood that he would receive 100% return on his investment in two months.

Mr A did not receive any funds from R. He has provided messages he exchanged with R from January 2020 in which he asks for the return of his funds.

Mr A didn't report the matter to HSBC but instructed a professional representative to issue a letter of complaint in December 2024. Mr A's representative said he should be reimbursed under the Contingent Reimbursement Model Code ('CRM Code') and said Mr A was unable to protect himself from the scam because of the vulnerabilities he experienced at the time.

HSBC said that Mr A has a civil dispute with R and that it made no error in processing the payments.

Mr A was unhappy with HSBC's response and brought a complaint to this service.

The investigator who considered this complaint didn't recommend that it be upheld. He said that there was no evidence of the agreement reached between the parties when the funds were paid and that the reference for each transaction was 'loan'. Overall, the investigator didn't think the CRM Code definition of an APP scam had been met, so he felt HSBC acted reasonably in deciding not to reimburse Mr A.

Mr A didn't agree with the investigator's findings, so his complaint has been passed to me to decide. I have summarised Mr A's main points below:

- R said that he worked for G. Mr A checked this on Companies House and was satisfied G was legitimate. He has since found out that R only became a director of G in 2025 and that, at the time he made his payments, G was filing dormant accounts.
- The CRM Code requires HSBC to provide him with effective warnings, but this didn't happen.
- The CRM Code, the law, and this service don't require him to have a written agreement.
- R instructed him to put loan as the payment reference, but this wasn't the intention of either party – it was just an example of the way R manipulated him.

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 at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

HSBC is a signatory to the CRM Code which provides protection to scam victims. Under this code, the starting principle is that a firm should reimburse a customer who is the victim of an authorised push payment (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 considered whether Mr A's claim falls within the scope of the CRM Code, which defines an APP scam as:

...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) (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 explicit that it doesn't apply to private civil disputes.

So, I need to decide whether HSBC acted fairly when concluding that this amounted to a civil dispute and not a scam. It is for Mr A to demonstrate that he is the victim of an APP scam. To decide this, I have considered:

- The purpose of the payments and whether Mr A thought this purpose was legitimate.
- The purpose the recipient (R) had in mind at the time of the payments, and whether this broadly aligned with what Mr A understood to have been the purpose of the payments.
- Whether there was a significant difference in these purposes, and if so, whether it could be said this was as a result of dishonest deception.

Mr A says he thought he was investing in cryptocurrency and shares. But he hasn't provided any evidence to suggest that this was what he transferred funds to R for. He also hasn't provided any evidence to show what R told him his funds would be used for, or that funds weren't used for this purpose. I appreciate Mr A and R met in person, and spoke to each other by phone, so the terms of their agreement were likely discussed. But to reach a finding that it's more likely than not Mr A has fallen victim to an APP scam I need to see some evidence.

The only evidence Mr A has provided is some chat messages he exchanged with R from January 2020 to January 2021 – some five months after the payments were made. In these messages, R gives excuses as to why Mr A hasn't received his funds and gives assurances that funds are due imminently. There is a reference to investment and another to the return of money owed. I note that when the funds were sent to R, the reference Mr A used was 'loan', so the messages don't sufficiently clear up why funds were sent to R, or that there was an intention to deceive him at the time the payments were made. This means that on the available evidence I'm not persuaded Mr A is the victim of an APP scam covered by the CRM Code.

I have noted Mr A's comments about G, and the fact R wasn't a director when he made the payments. But I haven't seen anything to suggest R made any claims in respect of G or that G was involved in any way.

Given that I have decided that Mr A hasn't demonstrated that he's the victim of an APP scam covered by the CRM Code, I can't consider the code's provisions in respect of effective warnings or vulnerability. But HSBC has a wider duty to be on the lookout for out of character transactions that might indicate its customer is falling victim to a scam. In this case I can see that Mr A made two payments of £10,000 each to an individual (not R), which also had the reference 'loan', at the end of April 2019. So, I don't think the transactions to R were so unusual and out of character it ought reasonably to have had concerns and intervened. In any event, like the investigator, I'm not persuaded that any intervention by HSBC at the time would have made a difference and prevented the payments from being made. Mr A knew and trusted R, had visited his home, and says he had been shown financial results for other clients on R's mobile.

Overall, whilst I'm sorry to hear Mr A has lost funds, and of the impact of this on him, I can't fairly require HSBC to reimburse his loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 8 December 2025.

Jay Hadfield
Ombudsman