

The complaint

Mr W is unhappy that HSBC UK Bank Plc didn't reimburse him after he reported falling victim to a scam.

Background

In 2021, Mr W came across an advert on social media promoting what appeared to be an investment opportunity. He began communicating with a representative of the company through WhatsApp, and was told that his money would be invested in a PAMM (Percent Allocation Management Module) on a third-party platform. Following these discussions, Mr W opened an account and was given access to the platform so he could monitor the performance of his investment. Unfortunately, Mr W didn't realise it at the time, but he wasn't in contact with the representative of a genuine investment firm, but a fraudster.

In January 2022, Mr W was persuaded to upgrade to a more expensive package that the company was offering. He was told that this would lead to better returns overall. He was happy with how his investment had performed up until that point and so he agreed to go ahead. To complete the upgrade, he was asked to pay a fee of £4,000.

He used his HSBC account to make the following payments to a range of different merchants:

1	13 October 2021	£5,061
2	18 January 2022	£4,000
3	18 January 2022	£6,000
4	6 April 2022	£9,999
5	6 January 2023	£4,000
6	12 January 2023	£1,000

Over time, Mr W found it increasingly difficult to withdraw funds from his account. In May 2024, his access to the online platform was removed entirely. He carried out online research and discovered numerous negative reviews about the company. At that point, he realised that he had likely fallen victim to a scam.

Mr W then notified HSBC. The bank considered his complaint under the CRM Code but declined to refund him. HSBC concluded that Mr W did not have reasonable grounds to believe the investment was legitimate and hadn't taken sufficient steps to protect himself. It did, however, offer a partial refund of one payment. It also acknowledged that it had made an error by initially saying it would refund him but failing to do so. For this mistake, it offered £600 as a payment for distress and inconvenience, which Mr W declined. Unhappy with HSBC's response, Mr W referred his complaint to this service. An Investigator reviewed the case but did not uphold it. Mr W disagreed with the Investigator's findings, so the complaint was passed to me for 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.

The starting point in law is that a bank is generally expected to process payments that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. It's common ground that these payments were authorised and so Mr K is presumed liable at first instance. However, that isn't necessarily the end of the matter. At the time of the payments, HSBC was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Under the CRM Code, firms are expected to reimburse customers who fall victim to authorised push payment (APP) scams, except in a limited range of circumstances.

These payments are covered by the CRM Code, which requires firms to reimburse customers in all but a limited number of circumstances. It is for the firm to establish that one of the exceptions to reimbursement applies. Broadly summarised, the CRM Code allows a firm to not reimburse its customer if it can show that:

- The customer ignored an effective warning in relation to the payment being made; or
- The customer made the payment without a reasonable basis for believing that the person or business with whom they transacted was legitimate.

I accept that Mr W did sincerely believe that he was dealing with a legitimate firm, but I'm not persuaded that belief was a reasonable one. The activity on his account suggests he wasn't a novice when it came to investments. He'd had dealings with a handful of non-mainstream investment providers. In respect of this specific investment, he said that he didn't conduct any checks before making his investment at all. While I wouldn't expect him to have performed checks in forensic detail, I would have expected him to take some basic steps. If he'd done so, he'd have identified several things that should've given him cause for concern. For example, the company he believed he was dealing with had no entry on the Companies House register of companies. In addition to that, the trading platform the company used was the subject of a warning posted on the website of the regulator, the Financial Conduct Authority.

I also think he ought to have regarded the returns he was apparently earning with greater scepticism. His initial investment was a little over £5,000, but within three months it was apparently valued at £19,000. I think it should have occurred to Mr W that such an extraordinarily generous return must have been too good to be true. He should, in my view, have proceeded with far greater caution than he did in light of that.

The CRM Code sets out standards that firms are expected to meet. In particular, where a firm identifies (or ought reasonably to have identified) a fraud risk linked to a payment, it should provide its customer with an effective warning tailored to the specific scam type they may be at risk of. HSBC did display a warning in connection with some of these payments, although it wasn't tailored to the specific scam risk involved and so, understandably, Mr W didn't think it applied to him.

Having considered the circumstances, I don't think it would have been unreasonable for HSBC not to intervene further. I've reviewed Mr W's statements and noted that, in the months leading up to the disputed payments, he made several high-value transactions that exceeded the amounts involved in the scam. These payments were to a range of merchants, which suggests Mr W was comfortable taking risks with niche investment opportunities. For example, he sent several thousands of pounds to proprietary trading platforms and a third-party cryptocurrency exchange. Overall, I don't think HSBC ought to have treated any of the payments set out above as demonstrating Mr W was at increased risk of financial harm due to fraud. As a result, I'm not persuaded it failed to meet the standards for firms set out in the CRM Code.

Mr W has also expressed dissatisfaction with the way HSBC handled his claim and his subsequent complaint. In particular, I can see that it wrote to him to tell him that his losses *were* going to be refunded within 24 hours. It subsequently said this was an error and offered him £600 in recognition of the distress and inconvenience this caused. The rules that apply to this service say that I can only award compensation where I'm resolving the complaint in favour of the complainant. In this instance, I'm not upholding Mr W's complaint overall and so I'm afraid I can't direct the bank to pay him any compensation to take account of the distress he suffered at the way it handled things.

I don't say any of this to downplay the fact that Mr W is the victim of a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is to look at the actions and inactions of the bank and, in all the circumstances of this case, I'm satisfied it didn't need to reimburse him under the terms of the CRM Code.

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 Mr W to accept or reject my decision before 30 December 2025.

James Kimmitt
Ombudsman