

The complaint

Mrs M complains that HSBC UK Bank Plc ('HSBC') won't reimburse the funds she lost when she fell victim to what she believed was a scam.

What happened

What Mrs M says

Mrs M says she was actively looking for investment opportunities. Mrs M's son was also looking for investment opportunities on her behalf and found information online about a rent-to-rent property investment scheme with a company I'll call R.

Mrs M's son knew a friend who had visited the London office of R and had also invested. Mrs M's son corresponded with a director of R and searched online about R but didn't find anything negative.

Having been satisfied with the information Mrs M's son had provided as well as the research she'd completed, Mrs M made the following payments to R from her UK account with HSBC:

Payment	Date	Payee	Payment type	Amount
1	30 September 2023	Account in the name of R	Transfer	£10
2	3 October 2023	Account in the name of R	Transfer	£10,000
3	4 October 2023	Account in the name of R	Transfer	£9,990
4	4 October 2023	Account in the name of R	Transfer	£5,000
			Total loss	£25,000

The investment agreement was actually signed by Mrs M's son and R – though it was for Mrs M's benefit.

The agreement related to three properties that Mrs M understood would be refurbished and then made available to rent. Mrs M expected to receive £3,000 per month for a five-year period. Mrs M didn't receive any returns though and believes R intended to defraud her from the outset.

Mrs M says that R has explained that all her funds went to a property management company I'll call G. G had an agreement with R to pay £6,000 per month, £3,000 of which R was meant to send on to Mrs M's son. Soon after the payments though, R told Mrs M's son that G hadn't paid it, so it was unable to pass any funds on. Mrs M's representatives say she wasn't told about G before investing and has been the victim of a scam.

Mrs M complained to HSBC in March 2025 through a professional representative. Mrs M said HSBC failed to intervene on unusual and out of character payments and she should be reimbursed under the provisions of the Contingent Reimbursement Model Code ('CRM Code').

I've summarised what Mrs M has said in support of her belief R was operating a scam:

- No returns were received
- R sent Mrs M's funds to another company, G, which wasn't agreed upon or mentioned
- The returns were extremely unrealistic – strongly indicating this was a scam
- Other victims visited properties and they didn't actually exist
- There are discussions on a well-known landlord discussion website that appears to indicate R operated a Ponzi scheme
- The directors of R have since left the country with Mrs M's funds
- There is a recorded conversation in which a temporary CEO acknowledges that the funds were allocated for Forex trading and not property investments
- A review of R's bank account would reveal that R didn't use the funds for the intended purpose
- R was not registered with the Financial Conduct Authority ('FCA') to be providing the services they were offering

What HSBC says

HSBC considered the claim and explained that the CRM Code didn't apply to a disagreement between two or more parties – otherwise known as a civil dispute. HSBC concluded that because the funds were sent to a genuine company, it felt this was a civil dispute and wouldn't reimburse Mrs M under the CRM Code. HSBC also said that its Payment Fraud Detection Team did speak to Mrs M about all her payments. She confirmed they were for an investment in property, that her son had visited the premises and there was nothing to suggest this was a scam.

Our investigation so far

One of our Investigators considered the complaint and didn't recommend that it be upheld. He said that Mrs M hadn't provided evidence to show that R didn't intend to act in accordance with her son's agreement with R. As such, the claim couldn't be considered under the CRM Code. Our Investigator was also of the opinion that HSBC acted reasonably in processing the payments Mrs M made to R.

Mrs M didn't agree with our Investigator's findings. In summary, through her professional representative, Mrs M made the following points:

- The purpose of Mrs M's payments was to invest in a rent-to-rent scheme to receive a monthly income, but Mrs M hasn't seen any evidence that R ever managed any properties. Therefore, her funds weren't used for the intended purpose.
- R's website made promises that were impossible to keep and the returns that were guaranteed were too good to be true. Mrs M says that no genuine investment would offer guaranteed returns considering the risk involved in investing. Mrs M says these promises "match the main characteristics of an investment scam" and evidences an intent to defraud her.
- The directors of R have left the country, and a new director is in place. Mrs M says that a genuine company would attempt to provide returns to investors and go into liquidation if it was unable to fulfil its obligations. R was advertising for new investors while unable to pay returns to those who had already invested. Mrs M says this strongly suggests fraudulent intent and "matches the characteristics of a Ponzi scheme".

Because Mrs M didn't agree with the outcome of our Investigator's assessment, the complaint has been passed to me to make a final decision.

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, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must take into account what I consider to have been good industry practice at the time.

HSBC was a signatory to the CRM Code. 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 Mrs M'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) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent”.*

It is for Mrs M to demonstrate that she has been the victim of an APP scam.

To decide whether Mrs M is the victim of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payment and whether Mrs M thought this purpose was legitimate.
- The purpose the recipient (R) had in mind at the time of the payment, and whether this broadly aligned with what Mrs M 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.

Mrs M thought she was investing in a rent-to-rent property investment scheme to receive a monthly income. None of the evidence I've reviewed suggests that Mrs M didn't consider this to be a legitimate purpose.

I've considered the available evidence and R's purpose in taking Mrs M's funds. Having done this, on balance I am not satisfied that Mrs M has demonstrated it's more likely than not R had a different purpose in mind or that there was fraudulent intent.

R was a registered company incorporated in April 2022. The first Gazette notice for compulsory strike off was filed in July 2025. So at the time Mrs M invested, R was an active company. R was later dissolved on 18 November 2025. But there are genuine reasons why a company is struck off and dissolved and this in itself doesn't evidence fraudulent intent or that R was operating a scam.

Mrs M said that R was operating a scam because it offered guaranteed returns that were too good to be true, and because Mrs M wasn't aware of G's involvement. Having considered the evidence I've seen, including emails, the complaint letter and the Joint Venture Agreement ('the Agreement') between Mrs M's son and R dated 2 September 2023, I'm not persuaded this was the case.

I'm mindful that Mrs M's son was the one in contact with a director of R and was the one who received the information that was passed on to Mrs M. So I don't know how much information Mrs M was made aware of by her son. But I can see that the Agreement Mrs M's son signed, set out that R expected to receive approximately £3,000 monthly rental income from one or more property management companies and that R would share 50% each month. As such, while the Agreement didn't name the management company specifically, I'm persuaded Mrs M's son, on behalf of Mrs M, was aware of G's involvement in the investment.

The Agreement also made it clear "*The value of the Returns to be paid over the sixty (60) months to the Investor is £180,000 total returned to investor subject to [R] receiving the Payments from the management company. [R] is not responsible for the risk of non-payment from the management company/guests/landlord (Entities) but both [R] and the Director undertake to make their best efforts to recover all Payments due from the relevant Entities*". I think this clause of the Agreement makes it clear that the returns were not guaranteed and that there was an element of risk involved. Even so, I'm not persuaded that a high rate of return alone shows that on balance R didn't intend to provide the investment as agreed.

Mrs M has said R didn't use the funds for the intended purpose and has said in a recorded conversation, a temporary CEO of R acknowledged that some funds were used for forex trading and not property investment. But Mrs M hasn't provided persuasive evidence that supports this. However, I have seen confidential information, that I'm unable to share for data protection reasons, which shows Mrs M's funds being used in the manner expected. Payments are sent to, and received from G, and also to third parties linked to the operation of a genuine business in the property sector. The payments are consistent with the nature of R's business and the Agreement signed with R.

I acknowledge that no returns were received in relation to this investment. I'm sorry that Mrs M didn't receive the expected returns and is at a loss of £25,000. But the fact that no returns were received isn't enough to bring this claim within the scope of the CRM Code. I note that shortly before the first monthly return was due to be paid, R got in touch with Mrs M's son to explain there was a problem out of its control and it was looking for solutions. From that point onward, R kept in regular contact with Mrs M's son, providing updates on what it was doing to try and resolve the matter - over several months. So I don't agree that the payments stopped with no notification - although I accept it would have been surprising and disappointing when Mrs M found out. Unfortunately, businesses can fail for different reasons including the breakdown of relationships and/or poor management. I haven't seen anything that persuades me that on balance Mrs M didn't receive any of the expected returns because of fraud, rather than the reasons explained above.

I can't fairly conclude that the resignation of R's directors in June 2024 and the appointment of a new director indicates fraudulent intent. I also can't make the assumption that if R was a genuine company it would have attempted to provide returns to investors and gone into liquidation if it was unable to fulfil its obligations - as Mrs M's professional representative has suggested. Directors can resign for many reasons, such as to restructure a company or for personal reasons.

Mrs M's representatives have also said that it is aware of other investors that visited the properties they were supposedly investing in and that they did not exist. However, I haven't seen any evidence that confirms this, nor that the properties Mrs M was investing in didn't exist. I also haven't seen anything that confirms how properties would be allocated and whether this was the responsibility of R or G.

Mrs M has said that R took on new investors while unable to pay current investors and this has the characteristics of a Ponzi scheme. She has also pointed me to a well-known landlord website where others have discussed R. However, I'm not persuaded that R took on new investors with the intent to defraud. R was in financial difficulty and took steps to remedy its position. And while I've reviewed the comments on the website Mrs M sent, based on the evidence I've seen, I'm not persuaded this sufficiently demonstrates R was operating a Ponzi scheme.

Finally, while FCA authorisation and regulation is required for legitimate firms depending on what services they provide, it doesn't automatically follow that just because a firm isn't authorised by the FCA that it is acting with fraudulent intent. I also haven't seen any evidence that suggests the police are investigating the actions of R. Nor have I seen any evidence from any other organisation which concludes that R intended to use Mrs M's funds for a different purpose to the one agreed.

Having carefully considered all the evidence provided to me, I'm not persuaded there is sufficient evidence to conclude that the purpose R had in mind when it took Mrs M's payments was different to the purpose Mrs M had in mind. So, I consider HSBC acted fairly when it didn't reimburse Mrs M under the CRM Code.

If new material evidence comes to light at a later date Mrs M can ask HSBC to reconsider her fraud claim.

Should HSBC have done anything else to prevent the scam?

I have gone on to consider whether there is any other reason I can require HSBC to reimburse Mrs M. HSBC should be on the lookout for, and protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect HSBC to intervene and attempt to prevent the losses for the customer.

Having looked at the payments Mrs M made, and the account activity prior to the payment, I do think the payments were unusual and out of character for Mrs M's account. I can see that Mrs M made the first payment over the phone and the other three using mobile banking. I know that Mrs M spoke to HSBC at the time of at least payment one and two and was provided warnings about common scams. In the phone call recordings I've been able to listen to, Mrs M is honest with HSBC about the payments being for an investment in property. HSBC had an extensive conversation about the purpose of the second payment after Mrs M made it and before it was completed because it had concerns. Mrs M was given several warnings about scams and what to look out for. Similarly, Mrs M told HSBC about all the research Mrs M and her son had completed to satisfy themselves of the legitimacy of the opportunity.

I don't know the details of any other conversations HSBC may have had with Mrs M on the later payments. But I don't need to decide whether HSBC's warnings went far enough because even if they didn't, I can't uphold Mrs M's complaint solely on this basis. I need to consider causation – whether suitable interventions would have made a difference to Mrs M's decision making or if HSBC could have reasonably prevented the loss. In deciding this, I need to consider the information that was available at the time the payment was made.

Having considered the information that was available at the time the payment was made, I'm not persuaded HSBC would have had any concerns if it had questioned Mrs M further about the payment. R was a legitimate company, Mrs M had seen documentation and the agreement her son signed and there was nothing in the public domain at the time to suggest HSBC should have been concerned that Mrs M might be falling victim to a scam.

I'm sorry that Mrs M has lost a significant amount of money, but I can't fairly and reasonably hold HSBC responsible for her loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 2 January 2026.

Mike Southgate
Ombudsman