

## **The complaint**

Miss T complains that HSBC UK Bank Plc won't reimburse her money she says she lost to fraud.

## **What happened**

As the circumstances of this complaint are well-known to both parties, I have summarised them briefly below.

Miss T was looking to undergo training and was recommended a company, who I will refer to as Company G, by a friend who had previously used its services successfully.

Miss T decided to sign up to her desired course and was instructed by a representative of Company G to make payments. On the 20 and 21 May 2024, Miss T made two payments from her HSBC account to the accounts instructed.

Following payment, Miss T says she never heard anything further from Company G despite several attempts to engage with it. At this stage, she believed she'd been a victim of fraud and reported the matter to HSBC.

HSBC initially responded to Miss T's complaint acknowledging that she'd been the victim of fraud, but it claimed that Miss T hadn't made the payments with a reasonable basis of belief that they were for legitimate purposes. It also found that its fraud prevention measures were sufficient at the time. It decided not to reimburse Miss T's loss.

Miss T remained unhappy with that response, so she referred her complaint to our service for an independent review. An Investigator considered the complaint, and whilst doing so, HSBC changed its stance. It argued that Miss T had not been a victim of fraud, but instead had paid a legitimate company which had not provided the services it said it would. Our Investigator agreed with that position and didn't recommend the complaint be upheld.

Miss T disagreed with that assessment, so the matter has now been passed to me to decide.

## **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 have been good industry practice at the time.

There is no dispute here that Miss T authorised the transactions in question. And the starting position in law is that Miss T will be held liable for the transactions she authorised in the first instance. That is due to HSBC's primary obligation to process payments in line with its customer's instructions, as set out in the Payment Services Regulations 2017.

However, HSBC was a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM Code) at the time the payments were made. Under that Code, firms are expected to reimburse customers who fall victim to fraud, subject to a number of conditions and exceptions. But the CRM Code is only relevant if I'm persuaded Miss T was a victim of fraud. The Code specifically doesn't cover certain types of 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".*

HSBC's main contention in this complaint is that Miss T hasn't been the victim of fraud, as defined within the provisions of the CRM Code. To the contrary, Miss T argues that she has been defrauded by Company G. I therefore first need to make a finding on whether the CRM Code can be applied in these circumstances.

Open resource research reveals that Company G is a well-established business, registered with Companies House since 2018 and still showing as active. It also has a website and two UK based addresses. I cannot find any adverse information or reviews online indicating the business was likely operating a fraudulent scheme.

It's also important to point out that Miss T was introduced to the company by a friend, who had used their services previously without issue; something I would not expect to see were it to be operating fraudulently.

Furthermore, information our service has received from the account provider where Miss T sent her funds has confirmed that the account was set up in the name of Company G. And other than Miss T's report of fraud—which it treated as a dispute—, no other reports of fraud had been made to it.

I have also taken into consideration the lack of information relating to the fraud in this case. Miss T says that no evidence of her enrolling onto the course exists as this was all done by telephone. But I can see that Company G does have alternative ways of contacting it, such as through email. I would have expected Miss T to have exhausted all avenues in attempting to contact Business G before concluding she'd been a victim of fraud, but has said she had only attempted contact via telephone.

It has also cast some doubt over the claim that Miss T didn't report this matter to HSBC until almost a year after she'd made the payments. Had Miss T not received any correspondence in relation to the course, and attempts at contacting Company G went unanswered, I would question why she took so long to report the matter as fraud.

Overall, I'm not persuaded that the circumstances of this complaint fall under the scope of the CRM Code. HSBC therefore acted reasonably in declining Miss T's claim, albeit for the wrong reasons.

### **My final decision**

For the reasons I have set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 20 February 2026.

Stephen Westlake  
**Ombudsman**

