

The complaint

Mr A complains that HSBC UK Bank Plc hasn't refunded him after he lost money to what he believes was an investment scam.

What happened

Mr A came across a business I'll call Company C online. It was advertising investments in housing on social media. He engaged with Company C in May 2024, having phone calls and exchanging messages. And he was sent some promotional literature.

Company C had positive reviews online and Mr A could see it was registered on Companies House.

Mr A was led to believe Company C had secured contracts with local councils for the provision of housing. And it was through this relationship returns on investment were to be generated.

Mr A decided to proceed with an investment, sending Company C a total of £52,000 across two payments (one in May 2024 and another in August 2024). He received returns as expected up until October 2024, alongside a one-off referral payment. In total he received £4,600 back from Company C.

But, after October 2024, things started to change. Company C started to say it was in financial difficulty. Mr A started checking Company C online again and found numerous people reporting it as a scam. Concerned by what he found he reported the matter to HSBC.

HSBC said it wouldn't be able to provide an answer to Mr A's scam claim as there were ongoing investigations with law enforcement, and it considered it was unclear as to whether Company C was operating a scam, or whether it was a legitimate but failed business. Mr A brought his complaint to our service as he was unhappy with HSBC's position.

One of our investigator's looked into the complaint and recommended it be upheld. He said:

- There was enough evidence to consider the scam claim and that it wouldn't be fair to delay an outcome;
- That there was enough evidence to show, on balance, Company C was operating a scam;
- That HSBC ought to have reimbursed Mr A on that basis.

HSBC didn't accept those findings and so the complaint has been passed to me.

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.

Having considered the available evidence, I'm upholding the complaint. I can see our investigator has provided thorough reasoning in his view, and there's little I can say here to expand upon that reasoning.

It's also the case that HSBC has received numerous decisions from this service concerning Company C. So it is well-aware of our position on the matter. In saying that, I do keep in mind that each complaint must be considered on its own merits. But similar features across complaints involving the same scam business ought to be taken into account.

With these two points in mind, my findings here will be brief. As everything has been set out in detail before, I'll reconfirm key points in bullet form:

- The role of this service is to determine complaints quickly and informally. Whilst awaiting the outcome of police investigations *may* further inform the outcome, I don't consider it necessary to delay here. I'm satisfied there is sufficient evidence available to determine the complaint;
- The operation of Company C's accounts doesn't align with its supposed business model or how it would have needed to conduct itself. The cumulative incoming payments received by Company C are not sufficiently matched by outgoing payments – and the gap is significant – to landlords or developers which might otherwise support legitimate operation.
- Company C would have needed to be in receipt of payments from local councils and/or housing providers for approximately 1,500 properties. There is no evidence of such a volume of incoming payments. There are no payments from such parties at all, revealing a huge hole in the supposed activities of Company C. Local authorities which Company C claimed to be working with have since confirmed they never had any relationship with it.
- Owners of buildings and properties Company C claimed to be doing business with have confirmed they never had any relationship with it. In other instances, properties claimed as part of the income generating portfolio were in fact derelict.
- Someone previously listed as a director of Company C was removed from the Companies House record after it was confirmed their identity had been stolen.
- There is significant evidence to show the mismanagement and misappropriation of funds, including for the purchase of jewelry and paying car dealerships. The sums involved here are not insignificant, with around a third of investor capital used to such ends.

It must be accepted there are some elements within the evidence that *could* suggest legitimate activity. Payments to developers, and some income which is possibly generated through legitimate means. But the overall picture is one of Company C operating a scam and of Mr A, specifically, being targeted in that way.

As I've determined Mr A did fall victim to a scam, it follows that the payments made are covered by the Contingent Reimbursement Model (CRM) Code. This is in place to see the victims of scams reimbursed in most circumstances, whereas they may not otherwise be due a refund should only the Payment Service Regulations be considered.

There are exceptions to reimbursement which a firm like HSBC might rely on to decline a claim. Our investigator explained why no such exceptions applied, and HSBC has offered no argument as to why they should. So I don't intend to make further findings here, other than to confirm I'm not persuaded a proportionate effective warning was delivered at the time payment was made. And I'm not persuaded Mr A lacked a reasonable basis for believing he was making a legitimate investment.

On that second point, I acknowledge suggested returns on investment were high. But this is countered by the level of sophistication of the scam, including the forging of documents, that Company C was established on Companies House with a functioning bank account held in its name, that Company C appeared professional in how it operated and presented itself, there was positive feedback about Company C online.

With all of this in mind I'm satisfied HSBC ought to have reimbursed Mr A under the CRM Code, and so its fair and reasonable that it compensates him to that effect now.

In making these findings I'm conscious there are some parts of HSBC's response to our investigator's findings which I've not addressed. This includes comments on the function of this service and the intention of the CRM Code. I don't consider these points to be relevant to the outcome of the complaint, or not to the extent they need addressing beyond the findings I've set out above.

Putting things right

On Mr A's acceptance HSBC must:

- Reimburse the total loss to the scam. This means taking the two payments totalling £52,000 and deducting the payments received back from Company C and paying Mr A the balance;
- Pay interest on that sum at 8% simple per year, calculated from the date the scam claim was declined or not progressed by HSBC, to the date of reimbursement.

As there is an ongoing investigation into Company C, it's possible Mr A may recover some further funds in the future. In order to avoid the risk of double recovery, HSBC is entitled to take, if it wishes, an assignment of the rights to all future distributions under the liquidation process or court proceedings in respect of this investment before paying the award. If the bank elects to take an assignment of rights before paying compensation, it must first provide a draft of the assignment to Mr A for his consideration and agreement.

My final decision

I uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 March 2026.

Ben Murray
Ombudsman