

The complaint

Mr K complains that HSBC UK Bank Plc trading as first direct will not reimburse funds he said he lost to an investment scam.

Mr K is professionally represented, for ease I have only referred to Mr K in this decision.

What happened

In summary Mr K said he decided to invest in sports betting with a firm I'll refer to as T. And between October 2020 and June 2022 he said he paid 343,879.05 towards the investment fund. Mr K said he was promised healthy returns and could see the bets placed on his behalf by the fund manager, whether they won or lost and the balance of his funds. He said he earned a profit of approximately £81,133 with this fund.

Mr K was then encouraged to invest in a new fund, and withdrew approximately £25,000 from the existing investment and transferred the rest of his money, £400,000, to the new scheme in January 2023. He invested a further £400,000 from a bank account he holds with another business. Mr K said he realised it was a scam in May 2024 when the investment firm ceased trading and his funds could not be repaid. He complained to First Direct but it did not uphold his complaint.

Our Investigator didn't think the complaint should be upheld. She said there was insufficient evidence to persuade her with any degree of certainty that the investment firm was operating a scam.

Mr K does not accept the Investigator's opinion. And as an agreement could not be reached, the complaint has been passed to me for 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.

I recognise that I have summarised this complaint in much less detail than has been provided. I want to reassure both parties that I have taken their submissions into consideration and if I haven't mentioned something it isn't because I've ignored it. Rather, I've focussed on setting out what is key to my decision. Having done so, I have come to the same outcome as the Investigator and for similar reasons.

Not every complaint referred to this service in relation to an investment is in fact a scam. Some complaints that we see involve investments that resulted in disappointing returns or losses. While some investments may be sold using sales methods, or have terms and conditions, that customers think are unfair or misleading, that doesn't always amount to fraud.

For me to conclude that Mr K has been the victim of a scam, I'd have to be satisfied that the firms linked to the investments he made deliberately tricked him into making payments and

had no intention of providing a return on the investment. I'm not persuaded I can say that is most likely what happened here, and I will explain why:

- I'm satisfied the investments were with legitimate businesses. This is because the firms linked to the investments were registered on the Companies House website, and it shows they were active at the time Mr K made the payments and during the period of his agreements with them.
- I have reviewed the International Organization of Securities Commission (IOSCO)'s website and Financial Conduct Authority's (FCA) warning list and I'm satisfied there are no alerts or warnings about the businesses or the investments they offered.
- In my investigations I did not find any reviews regarding the firms which indicates that they were fraudulent or that the investment was not genuine.
- Mr K told us a friend introduced him to the fund manager, and he had met him in person, as well as other investors, which is uncommon in scam cases.
- The agreements Mr K signed show he was entering into a high-risk investment whereby the fund manager placed bets on sporting events on behalf of investors. Investors would receive quarterly returns based on the success of these bets. The agreement makes it clear that the fund is speculative by its nature. And although Mr K incurred a significant loss, he successfully withdrew a substantial sum of over £300,000 from the investment, which is not a typical characteristic of a scam.
- Unfortunately, it appears the firms experienced financial difficulties and were dissolved, which is a risk one must be prepared to accept when undertaking an investment. It is not unusual for legitimate businesses to run into financial challenges, unfortunately it may mean they are unable to meet their obligations. Additionally, I note Mr K was kept informed of the situation with the firm, which is not common with scammers, who in my experience are more likely to hide the matter or cease communication altogether.

Ultimately, I'm not persuaded Mr K made the payments as a result of a scam. I know this will be disappointing to Mr K, I understand he has lost a considerable amount of his money and I sympathise. But where I do not find the payments were made the result of fraud or a scam, I cannot fairly or reasonably require First Direct to reimburse him.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 16 January 2026.

Oluwatobi Balogun
Ombudsman