

The complaint

Mr and Mrs T complain that HSBC UK Bank Plc ('HSBC') won't reimburse the funds they lost when they say they fell victim to a scam.

What happened

Mr and Mrs T hold a joint account with HSBC from which the payments in this case were made.

In early 2022 Mr and Mrs T say they entered into a loan agreement with a company I'll call 'G' in this decision. The funds Mr and Mrs T loaned to G were to be used as proof of funds for a third party to arrange a line of credit. A family member introduced the opportunity to Mr and Mrs T.

Mr and Mrs T entered into short-term agreements with G in January and February 2022 and loaned G £80,000. They received £30,000 in interest payments as expected. Mr and Mrs T reinvested the capital and in November 2022 made two further payments, each for £25,000.

Mr and Mrs T didn't receive any further interest payments after May 2022, or the return of the sums invested. Their overall loss is £100,000.

In January 2025 Mr and Mrs T complained to HSBC through a professional representative who said that G was widely accepted to have operated a scam.

HSBC said that it provided appropriate warnings on 10 and 11 January 2022 and it wasn't responsible for Mr and Mrs T's loss.

Mr and Mrs T were unhappy with HSBC's response and brought a complaint to this service. The investigator who considered this complaint didn't recommend that it be upheld. He said there was insufficient evidence to say that Mr and Mrs T were the victims of a scam and that intervention when the payments were made wouldn't have made a difference.

Mr and Mrs T were unhappy with the investigator's findings and asked for a final decision. In summary, they said:

- G's failure to return their funds, together with the absence of transparency about the third party and the line of credit, demonstrates dishonest deception and brings the claim under the scope of the Contingent Reimbursement Model Code ('CRM Code').
- Returning some funds is a common tactic used by scammers.
- HSBC didn't do enough when significant payments were made.
- The fact Action Fraud were notified suggests G operated a scam.

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 also take into account what I consider to have been good industry practice at the time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities – in other words on what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. But there are circumstances when it might be fair and reasonable for a firm to reimburse a customer even when they have authorised a payment.

HSBC was a signatory to the CRM Code at the time the payments were made. 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 Mr and Mrs T'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) (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

To decide whether Mr and Mrs T are victims of an APP scam as defined in the CRM Code I have considered:

- The purpose of the payments and whether Mr and Mrs T thought this purpose was legitimate.
- The purpose the recipient (G) had in mind at the time of the payments, and whether this broadly aligned with what Mr and Mrs T 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.

Mr and Mrs T thought they were loaning funds to G for fixed periods of time, which they believed to be a legitimate purpose.

The only evidence Mr and Mrs T have provided in this case are loan agreements they have signed and their own testimony. They say all communication with G was via a family member who relayed the information to them.

While Mr and Mrs T's representative has said it is widely accepted G operated a scam, I haven't been provided with any evidence to demonstrate G took Mr and Mrs T's funds with a different purpose in mind, or of fraudulent intent. G was, and still is, a company registered at Companies House. An FCA warning in respect of G was published in 2025, but it only says G isn't authorised in the UK.

I turn now to the points raised by Mr and Mrs T, through their professional representative. They have drawn adverse conclusions from the fact that they weren't given more information about the third-party line of credit. I wouldn't expect Mr and Mrs T to have been provided with such confidential information. And the reporting of a matter to Action Fraud isn't evidence of an APP scam.

The payments were unusual given Mr and Mrs T's usual account activity, and I note that HSBC intervened on 10 and 11 January 2022. There was nothing to suggest G was operating a scam at the time the payments were made, and it isn't for HSBC to provide investment advice.

I accept that the loss of £100,000 has had a devastating financial and emotional impact on Mr and Mrs T and am sorry to hear about what has happened, but I can't fairly require HSBC to reimburse them on the evidence I have.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs T and Mr T to accept or reject my decision before 30 April 2026.

Jay Hadfield
Ombudsman