

The complaint

E, a limited company, complains that HSBC UK Bank Plc won't refund money E lost to a scam.

E is represented in this complaint by its director, Miss F, and her partner, Mr H.

What happened

Miss F and Mr H came across an investment opportunity in 2020, with a company I will call 'B'. They were told about this opportunity by people they knew who had successfully invested in the scheme.

Miss F and Mr H decided to invest, and have said they used funds from their businesses (including E) as they intended for the investment to be for the benefit of their businesses. However, they say they were encouraged to enter into the agreement with B on a personal basis, and so signed an agreement with B in 2020, which was then updated in 2021, to invest in their personal names. The agreement was that they would lend B funds which it would invest on their behalf, with the returns and capital being repaid in 2022.

Miss F and Mr H later became aware that B was likely operating a scam, and so raised their concerns with HSBC. HSBC declined to refund the payments made to B as it said this matter was a civil dispute rather than a scam, and so not covered by the relevant reimbursement rules.

Miss F and Mr H were unhappy with HSBC's response, and so referred E's complaint to our service. One of our investigator's looked into what had happened but they concluded that this investment had been entered into on a personal basis by Miss F and Mr H, and so the loss was not E's loss. This meant that they did not feel they could fairly say HSBC should reimburse E for the funds sent to B.

Miss F and Mr H disagreed, they maintain that the investment was intended to be for E's benefit, and feel that E should be entitled to a refund under the relevant reimbursement rules. So, as no agreement could be reached, this case has been passed to me for review.

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 done so, I am satisfied that what happened here was a scam, that has resulted in the loss of a significant sum of money. But what needs to be decided here is whether HSBC should reasonably be held liable for the amount that was lost to the scam. And in considering this point I first need to determine whether the loss was sustained by E.

I think it is worth noting here that, as a limited company, E is a separate legal entity. So, Miss F (as E's director) and E are separate legal persons, actions taken by Miss F in her personal capacity are not the same as actions taken by E as a business. I could not

reasonably expect HSBC to reimburse a financial loss incurred by a third party that is not its customer, and E is its customer here, not Miss F or Mr H.

The evidence provided by Miss F and Mr H shows that the records we have of their interactions with the scammer do not make any reference to an investment being in E's name. And, crucially, the investment contract and screenshots of the investment platform, both show that the investment was set up as being in Miss F and Mr H's personal names. Miss F and Mr H have also said that they were encouraged to put the investment into their personal names.

I acknowledge that Miss F and Mr H may have intended to reinvest any profits from the investment scheme into E. I also note that Miss F signed paperwork setting out that she was authorised to act for E in respect to investing with B. But the fact remains that the arrangement with B was ultimately in Miss F's name, not in E's name. And while E's accountant has said the payments to B were for business purposes, it is also not evident that the investment was recorded as formally being for E's benefit in E's company accounts. In fact, the documents Miss F and Mr H have sent us appear to show that they marked the payments to B as a 'director's loan' (as per the 'outgoings' spreadsheet they provided us with). I'm therefore satisfied the money was withdrawn from E for the purposes of Miss F's own personal investment rather than for any formal business-related purposes.

And if Miss F has withdrawn funds from the company in her capacity as director, then she's withdrawn an asset from E for her own use, and this would commonly be treated as a loan. So rather than being owed the sum lost by HSBC, E is owed the sum by its director.

I appreciate how disappointing this will be for Miss F and Mr H, but even if HSBC ought to have intervened in the payment being made, it wouldn't be fair and reasonable for me to ask it to refund the money to E in these circumstances as E has not actually sustained any loss, Miss F has in her personal capacity.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 19 February 2026.

Sophie Mitchell
Ombudsman