

The complaint

Mrs P complains that HSBC UK Bank Plc won't reimburse payments she made to what she now believes to be a scam.

What happened

Mrs P received call from a company offering an investment in bonds relating to whisky, I'll call this company 'W'. W offered a 6% bond which would generate monthly returns, and Mrs P was looking to make more of her savings so this opportunity was attractive to her. Mrs P has said she checked Companies House to ensure W was genuine and, satisfied with what she saw, she decided to invest.

Mrs P made payments in July and August 2022, to a total value of £40,000, into bonds with W. She received the expected returns until March 2024, but W stopped communicating with her, and the returns ultimately ceased. Mrs P became concerned she had been the victim of a scam, and raised those concerns with HSBC.

HSBC declined to offer Mrs P a refund. It said it didn't think she had been the victim of a scam, and this was instead a civil dispute between Mrs P and W. Mrs P didn't agree with what HSBC had said and so she brought her complaint to our service with the help of a professional representative.

One of our investigators looked into things but they didn't uphold the complaint. They agreed that it was reasonable for HSBC to treat Mrs P's circumstances as a civil dispute rather than a scam.

Mrs P didn't agree with our investigator's opinion, her representative has detailed why they believe W was acting with an intend to defraud Mrs P. So, as no agreement could 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.

Having done so, I agree with the outcome reached by our investigator for the same reasons. I will explain my reasoning in more detail below.

In broad terms, the starting position at law is that a bank such as HSBC is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

HSBC was a signatory of the Contingent Reimbursement Model Code ("the CRM Code") Which, at the time Mrs P made these payments, required firms to reimburse customers who have been the victims of authorised push payment ("APP") scams in all but a limited number of circumstances.

The Code, however, 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”.

It follows that Mrs P would not be entitled to a refund under the CRM Code if it was found that her payments went to a legitimate investment that ultimately failed.

In order to reach my decision on this complaint, I’ve considered the purpose for which Mrs P made her payments and the purpose for which W received those payments. And, if there is a significant difference in these purposes, whether I can be satisfied that this difference was as a result of dishonest deception.

I’m satisfied that Mrs P intended her funds to be used to purchase bonds. So, I’ve then gone on to consider the purpose W had in mind at the time it received Mrs P’s funds and whether W’s purpose was in line with the purpose Mrs P had in mind. In reaching a conclusion on this point, I’ve considered the following:

- This service has seen statements relating to W’s beneficiary account. While I cannot share the details of these statements due to data protection rules, I can confirm that the statements do show significant sums being paid out of the account, for around a year and over the period that Mrs P was making her payments, to well-known distilleries and whisky storage facilities. This suggests to me that W was investing in whisky as it had said it was, so I’m satisfied Mrs P’s funds would’ve most likely been used for the purposes agreed to.
- Mrs P did receive returns amounting to just over £4,000 in relation to her investments with W, which also supports that her funds were invested and generating returns for at least a while. I acknowledge Mrs P’s representative’s arguments that the returns were being paid out as part of Ponzi scheme, but they haven’t provided me with any evidence that supports this conclusion.
- I acknowledge that W was not FCA registered, and that there has since been a proposal for it to be struck off the Companies House register, but that does not automatically mean that it was operating fraudulently.
- While I appreciate that there is a police investigation into W’s activities, no charges appear to have been brought regarding this investigation.
- There have been widespread concerns about whisky investments generally, but again that does not automatically mean that W was acting fraudulently.

Overall, I’m not persuaded that Mrs P has sufficiently demonstrated that the investment she entered into wasn’t legitimate. The activity on the beneficiary account and the returns received by Mrs P suggest it was. And for this reason, I’m not persuaded that Mrs P has fallen victim to an APP scam, based on the evidence available to me. I appreciate that this will be extremely disappointing for Mrs P but I’m unable to say that HSBC should reimburse her loss.

Should any material new evidence come to light at a later date, for example from the police or administrators, Mrs P can ask HSBC to reconsider her claim. But, as it stands, I can’t fairly say HSBC should reimburse her losses under the CRM Code or for any other reason.

Finally, I want to say how sorry I am to hear about what has happened to Mrs P. I have every sympathy for her as it is clear she has lost a substantial amount of money. But many businesses and investments fail for genuine reasons, and not because they were set up to

defraud and scam people. Based on the evidence currently available, I believe that to be the case in this instance.

My final decision

I do not uphold this complaint.

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

Sophie Mitchell
Ombudsman