

With HSBC facing a massive fraud claim from investors in a disastrous film investment scheme, Nicola Sharp examines the background to the dispute.

9 Jul 2020 Nicola Sharp.

Hundreds of investors are involved in a £1.3 billion fraud claim against HSBC for losses caused as a result of the Eclipse Partnerships film investment scheme.

The 371 investors say they were induced with “false promises” to invest in Eclipse, which was devised and marketed by HSBC to finance major Disney films including Pirates of the Caribbean 2 and 3, National Treasure 2, Enchanted, Underdogs and Confessions of a Shopaholic. But the claimants are arguing that none of these film rights were ever actively traded, resulting in major losses and potential liabilities.

HSBC reportedly gained more than £25M in fees for its role in Eclipse, which investors could become involved in between 2006 and 2008. A total of 750 individuals invested a combined £2.3 billion in the scheme – and they all took out loans to finance their investment. Many are reported to have entered bankruptcy or are facing HMRC demands that are far greater than the amounts they invested.

Eclipse had all the elements of being a lucrative, attractive scheme. Big-company involvement, leading tax counsel and a seemingly robust investment structure relating to the film industry drew in many investors. But after the collapse of the investment and the Supreme Court’s 2016 ruling that the Eclipse scheme amounted to tax avoidance, the news that a huge law suit is happening is far from surprising.

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Yet the claimants now face the challenge of proving HSBC's role in the fraud and its liability in light of the promises made. The investors have a fight ahead of them before they are able to recoup any or all of what they lost.



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Nicola Sharp is a Legal Director at Rahman Ravelli whose expertise in international fraud, civil recovery and business crime has seen her highly rated in international legal guides. Her experience of leading the most involved and sizeable commercial and financial disputes has led to her being in demand from corporates and large organisations.

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