

The complaint

Mr M complains that HSBC UK Bank Plc won't refund the money he lost when he was the victim of what he feels was a scam.

What happened

In December 2023, Mr M's fiancée appeared in court and was required to pay a fine. Mr M says he agreed with his fiancée's lawyer that he would pay the amount of the fine to them, and they would then pay the fine. So he made a payment of £1,700 from his HSBC account to account details the lawyer gave him.

But a few days later, the lawyer told Mr M that they were having problems with their bank and so were unable to pay the fine. Mr M then arranged to pay the fine in another way and asked the lawyer to return the money to him. The lawyer has said their account is blocked, so they can't return the money to him. So Mr M reported the payment to HSBC as a scam and asked it to reverse it or refund the money.

HSBC investigated but said this appeared to be a civil dispute between Mr M and the lawyer, rather than a scam. So it didn't agree to refund the payment he had made. Mr M wasn't satisfied with HSBC's response, so referred a complaint to our service.

One of our investigators looked at the complaint but didn't think there was enough evidence to say a scam had taken place. So they didn't think HSBC should have to refund the payment. Mr M disagreed with our investigator, so the complaint has been passed to me.

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 broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

HSBC is a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This requires firms to reimburse customers who have been the victim of certain types of scams, in all but a limited number of circumstances. But customers are only covered by the code where they have been the victim of a scam – as defined in the code.

The relevant definition of a scam from the CRM code is that the customer transferred funds to another person for what they believed were legitimate purposes but were in fact fraudulent.

The CRM code also says it doesn't apply to private civil disputes, such as where a customer has paid a legitimate supplier for goods or services but has not received them, they are defective in some way, or the customer is otherwise dissatisfied with the supplier.

So in order to determine whether Mr M has been the victim of a scam as defined in the CRM code I need to consider whether the purpose he intended for the payment was legitimate, whether the purposes he and the lawyer intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the lawyer.

From what I've seen and what he's told us, I'm satisfied Mr M made the payment here with the intention of paying a court fine. He thought his funds would be used by the lawyer to pay his fiancée's court fine. And I haven't seen anything to suggest that Mr M didn't think this was legitimate.

But I'm not satisfied the evidence I've seen shows that the lawyer intended a different purpose for the payment, or that Mr M and the lawyer's purposes for the payment weren't broadly aligned.

Mr M has said his fiancée introduced him to her lawyer, and that the three of them all met in person. He's also said he verified that the lawyer he met was a government official, and then saw them represent his fiancée in court.

But I wouldn't expect someone operating a scam to be able to arrange this kind of in-person introduction, or to then represent someone in court. So I think this strongly suggests that the lawyer Mr M met and paid was legitimate and was not operating a scam.

I recognise that Mr M has said he didn't receive the service he paid the lawyer for, and that he had to arrange to pay the court fine in another way. But I don't think this necessarily means he has been the victim of a scam, as people can fail to provide services they have agreed to carry out for a number of reasons which don't necessarily mean they intended to operate a scam.

I also understand Mr M now feels the lawyer he paid wasn't who they told him they were, as a physical description of who the lawyer said they were didn't match the lawyer Mr M met. But as Mr M has confirmed the person he paid was the person who represented his fiancée in court, I don't think this discrepancy in their physical description is enough to say he has been the victim of a scam.

So I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the lawyer intended for this payment was different than the purpose Mr M intended. And so I don't think the circumstances here meet the definition of a scam, or that HSBC has acted unreasonably in not agreeing to refund the money Mr M lost from this payment as a result.

It's possible that material new evidence may become available at a future date, which suggests that the lawyer did take the payment using dishonest deception. If that happens, Mr M can ask HSBC to reconsider his claim for this payment and, if not satisfied with its response, bring a new complaint to our service.

I appreciate Mr M has said he initially just wanted HSBC to request the payment back from the bank it was sent to, as he thought this would likely result in the money being returned. But we'd only expect a bank to request the return of a payment in this way if it was satisfied that the payment had been sent as a result of a scam. So, as I think HSBC has reasonably concluded that the circumstances here don't meet the definition of a scam, I also think it has acted reasonably in not requesting the payment back from the bank it was sent to.

I'm sorry to disappoint Mr M, as I know he has lost a significant amount of money. But I'm not satisfied that I can fairly ask HSBC to refund him based on the evidence that is currently available.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 3 July 2025.

Alan Millward
Ombudsman