

The complaint

Mr W complains that HSBC UK Bank Plc won't refund the money he says he lost to a scam.

What happened

Mr W engaged the services of a roofer – who I'll call A – to do some work at his property. Mr W had initially been introduced to A by another contractor who was doing other work at the property. A quoted a price for the job and Mr W paid £4,737 to A on 2 March 2024 as a 25% deposit for the work. A began work, and Mr W made a second scheduled payment, for £3,790, on 18 March 2024. A then told Mr W it had identified further issues which meant the overall cost of the work would be higher. Mr W made a final payment of £1,895 on 27 March 2024, but A did not return to finish the work. A later told Mr W that it was potentially going into administration due to financial difficulties.

Mr W says that, in total, A did around six days work at the property, but that this work was to a poor standard. Mr W believes that A had no intention of finishing the work, and that the payments he made were therefore part of a scam.

Mr W therefore asked HSBC to refund his loss. HSBC looked into what had happened, but said Mr W wasn't eligible for a refund under the relevant regulations as it didn't think he had been the victim of a scam. It said it thought this was more likely a private civil dispute between Mr W and the roofer.

Unhappy with HSBC's response, Mr W brought his complaint to this service and one of our investigators looked into things. But they agreed with HSBC that this was most likely a civil dispute, and so Mr W was not entitled to a refund of the payments he had made. Mr W remained unhappy, he maintains that A scammed him.

As the case could not be resolved informally, it's been passed to me for a 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 and having thought very carefully about HSBC's actions, I agree with the findings set out by our investigator. I do appreciate how disappointing this will be for Mr W but, whilst I'm sorry to hear of what's happened, I don't think I can fairly hold HSBC liable for his loss.

This is because not all cases where individuals have lost sums of money are in fact fraudulent and/or a scam. So, whilst I can quite understand why Mr W feels that he has been scammed, there is a high legal threshold or burden of proof for fraud and there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties and for a dispute to exist.

When considering what is fair and reasonable in this case, I've thought about the Contingent Reimbursement Model Code (the CRM Code) which HSBC has signed up to and which was in force at the time Mr W made these payments.

Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam. So, I've thought about whether the CRM code applies in the circumstances of this complaint, and whether HSBC therefore ought to reimburse Mr W under the provisions of the CRM Code.

The CRM Code only applies in very specific circumstances – where the customer has been the victim of an APP (authorised push payment) scam. Under the CRM Code, an APP scam is defined as:

“...a transfer of funds...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) The customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.”

The CRM Code is also quite explicit that it doesn't apply to all push payments. It says:

“DS2(2) This code does not apply to:

(b) 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.”

Fraudulent isn't defined in the CRM Code, but as the CRM Code specifically excludes civil disputes, I think I need to consider, as a first step, whether this was a scam (where a scammer takes money from a customer for no legitimate purpose) or a civil dispute (where a payment is made to a legitimate trading company or business, but there is some dispute about the goods or services that should have been supplied).

If this was a scam, or fraud – then banks (including HSBC) must follow industry and regulatory guidance, including the CRM Code, to check certain payments and in some circumstances, protect customers by stopping the payments and contacting customers about them. And where banks haven't followed the guidance, they can be asked to refund them. But where payments are made to a legitimate business for a legitimate reason, then such principles don't apply. This is then classed as a civil dispute, and for which banks normally have no liability.

Having thought very carefully about all that Mr W has said, and about the evidence provided by all parties to this complaint, I'm not persuaded that I can safely say with any certainty, based on what I know and what the evidence shows, that A set out with an intent to defraud him.

I say this for the following reasons:

- A was registered on Companies House and had apparently been in operation for some time when it agreed to take on Mr W's work
- A did complete some work on Mr W's property, albeit apparently to a poor standard.
- While I cannot share the detail of what I have seen, A's account statements do show the payments one might expect from a business legitimately engaged in roofing
- A's bank has said it had no scam reports relating to A's account.

- The record of Mr W's correspondence with A does suggest there may be reasons other than a scam why A was ultimately unable to complete the agreed work.

All of this leads me to consider that A was more than likely attempting to operate legitimately at the time these payments were made. I acknowledge that A ultimately did not provide the full services agreed, but there are many reasons, other than fraud, why a legitimate contractor may be unable to provide the services they have promised. A business may act unprofessionally but still be carrying out legitimate business, or it may get into financial trouble and be unable to meet its obligations to customers. And this service isn't in a position to forensically analyse A's actions here; we must consider the evidence that is before us. And, in doing so, I've not seen persuasive evidence that A set out to defraud Mr W.

I acknowledge that Mr W has said Trading Standards is carrying out an investigation into H's activities, and that A has been blacklisted by one of the roofing trade bodies. But I don't think this is enough to say that the payments Mr W made were part of a scam, given the other evidence available.

I know this will be a huge disappointment to Mr W. I appreciate how strongly he feels about this case, and that he has lost a significant amount of money here. I sympathise with the position Mr W has found himself in, and I'm in no way saying that they don't have a legitimate grievance against A. But for the reasons I've explained above, I do not consider that the payments in dispute here are covered under the CRM Code, or that it would be fair to hold HSBC responsible for the money Mr W has lost.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 12 June 2025.

Sophie Mitchell
Ombudsman