

The complaint

Mr M complains that HSBC UK Bank Plc ('HSBC') won't refund the money he says was lost as the result of a scam.

What happened

In September 2024, three people knocked on Mr M's door and offered him a service cleaning his patio. Mr M was told that they could give him a discount as they had left over materials after cleaning a neighbour's patio. Mr M says they quoted a seven-year service contract for £2,500.

After they had cleaned his patio, Mr M was presented with a bill. Mr M says he asked for the name of the company and their website address. They gave him a company name, which I'll refer to as P, which is a genuine UK company that has a website.

Mr M says he changed his mind about the seven-year contract and asked for a new invoice that only covered the clean they'd already done. Mr M says they crowded around him and forced him to make the payment of £2,500. The payment was made to an individual, who I'll refer to as C.

Shortly after the payment had been made and the three people left, Mr M called P who said they didn't have a job in his area. Concerned, Mr M called his bank and raised a fraud claim. HSBC declined to refund Mr M, saying he has a civil dispute with C.

Mr M wasn't happy with HSBC's response, so he brought a complaint to our service.

An investigator looked into Mr M's complaint but didn't recommend that HSBC refund him. The investigator wasn't satisfied that Mr M's payment was covered by the Contingent Reimbursement Model Code (CRM Code) as they thought C had the same purpose in mind as Mr M did for the payment. So, the circumstances under which Mr M made the payment didn't meet the definition of an APP scam.

Mr M disagreed with the investigator's opinion saying C misrepresented themselves and falsely used the name of a genuine company. Also, he only made the payment as he was pressured into it. Mr M says C's purpose is clearly not aligned with his.

As the case couldn't be resolved informally, it was passed to me to 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.

I realise that Mr M hasn't received a contract in writing and believes he is owed money by C. But I'm not making a finding about whether C may owe Mr M money, rather whether HSBC can fairly be held liable for his loss.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the available evidence.

Is Mr M entitled to a refund under the CRM Code?

HSBC have signed up to the CRM Code, which requires firms to reimburse customers who have been the victims of Authorised Push Payment (APP) scams, in all but a limited number of circumstances.

But the CRM Code does not apply to private civil disputes, for example 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.

Also, the CRM Code defines what is considered an APP scam as, "where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent".

In order to decide whether the circumstances under which Mr M made his payment meets the definition of an APP scam, I need to consider:

- The purpose of the payment and whether Mr M thought this purpose was legitimate.
- The purpose the recipient (C) had in mind at the time of the payment and whether this was broadly in line with what Mr M understood the purpose to be.
- And, if I decide there was a significant difference in these purposes, whether I'm satisfied that was as a result of dishonest deception.

Mr M was making a payment to C as part of a contract to have his patio cleaned. I haven't seen anything that suggests Mr M didn't think this was a legitimate purpose.

So, I've gone on to consider what purpose C had in mind and whether it was in line with what Mr M thought.

In reaching an answer on what purpose C had in mind, the key information is:

- C cleaned Mr M's patio, which he says was completed with a pressure washer and took around 40 minutes. So, some work was completed in line with the contract and the agreed purpose of the payment.
- We've received third party information from the beneficiary bank, which I can't share due to data protection legislation. However, this evidence doesn't support that Mr M's funds were obtained for a different purpose.
- We don't have any evidence from a third party organisation (for example, the police or Trading Standards) which show what C's intent was at the time the payment was made. It's possible that C is a genuine tradesperson who does patio cleaning and had every intention of completing the contract at the point the payment was made.

Our service can't require testimony from C, so we only have Mr M's testimony in relation to what happened. It's also possible that the relationship broke down when Mr M changed his mind about taking the seven-year contract - which would be considered a civil dispute and isn't covered by the CRM Code.

- C may have misrepresented themselves in agreeing the work with Mr M, by using the name of a genuine company which C isn't employed by. I'm also aware that Mr M feels he was pressured into making the payment, when he only wanted to pay for the cost of the clean that had been completed. But misrepresentation, poor business practices or Mr M feeling pressured into making the payment doesn't necessarily mean that his payments are covered by the CRM Code.

As explained above, the CRM Code doesn't cover situations where a customer has paid a legitimate supplier for services they haven't received. I'm not satisfied that Mr M has proven that C wasn't a legitimate supplier or that C had a different purpose in mind at the time the payment was made.

I appreciate that it's very difficult as Mr M doesn't have contact information for C and has little evidence of what was agreed at the time. It's possible that material new evidence may come to light at a later date that demonstrates C's intentions when Mr M made his payment, for example, from the police or Trading Standards. If it does, Mr M can ask HSBC to reconsider his claim.

Having carefully considered all of the information, I'm not satisfied that the circumstances under which Mr M made the payment meets the definition of an APP scam under the CRM Code. On that basis, I can't fairly hold HSBC liable under it.

Is there any other reason I could ask HSBC to refund Mr M?

There is an expectation for HSBC to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect HSBC to intervene and attempt to prevent losses for the customer.

However, I'm not satisfied that HSBC should've intervened when Mr M made his payment. I appreciate that this is a lot of money for Mr M, but it was a single payment which didn't clear his account balance. And I'm not satisfied that the payment was so unusual or out of character that I would've expected HSBC to identify a potential risk of financial harm from fraud.

So, I can't fairly say that HSBC acted unreasonably in following Mr M's payment instructions or that they should've prevented his loss.

I'm really sorry to disappoint Mr M. But, based on the evidence, I'm not persuaded I can fairly hold HSBC liable for his loss.

My final decision

My final decision is that I don't uphold this complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 20 October 2025.

Lisa Lowe

Ombudsman