

The complaint

Mrs H complains that HSBC UK Bank Plc, trading as first direct bank, won't refund the money she lost when she was the victim of what she feels was a scam.

What happened

In late 2021, Mrs H was looking to purchase a motorhome and started speaking to a dealer. She agreed a price for the model she wanted, paid a deposit and was told the motorhome would be delivered in May or June 2022.

In August 2022, Mrs H hadn't received the motorhome so bought an alternative second-hand motorhome to use in the meantime. In April 2023, Mrs H was told the original motorhome was now ready to be collected but, as she was about to leave on a trip in the second motorhome, she agreed with the dealer that they would sell the original motorhome for her.

Mrs H agreed a fee with the dealer for them to sell the original motorhome, and was told by the dealer that they had now paid for the motorhome so she needed to pay the remaining balance from her original purchase. Mrs H then made two payments to the dealer to settle this balance, as set out below:

Date	Amount
28 April 2023	£54,101
2 May 2023	£10,000

In July 2023, the dealer told Mrs H that they had found a buyer for the motorhome and sent her £3,000 these new buyers had paid as a deposit. And in October 2023, the dealer told Mrs H the new buyers had paid the remaining balance and collected the motorhome.

But despite being told a number of times that they were sending her the money from the sale, and receiving a cheque from them which was returned unpaid, Mrs H never received the money from the sale from the dealer. In November 2023, she received £10,000 from the dealer but the remaining money was never received.

In February 2024, Mrs H was then contacted by a finance company who said they had financed the dealer's original purchase of the motorhome from the manufacturer, but the dealer had never paid off the finance. Mrs H then reported the payments she had made to the dealer to HSBC as a scam.

HSBC investigated but said this appeared to be a dispute between her and the dealer, rather than a scam. It offered her £50 as compensation or poor service it had provided to her while she made her claim, but it didn't agree to refund the money Mrs H had lost. Mrs H wasn't satisfied with HSBC's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They recommended HSBC pay Mrs H a further £100 as compensation for the poor service it had provided her. But they didn't think the circumstances here met the definition of a scam, so didn't think HSBC should have to

refund the money Mrs H had lost. Mrs H 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 Mrs H has been the victim of a scam as defined in the CRM code I need to consider whether the purpose she intended for the payments was legitimate, whether the purposes she and the dealer intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the dealer.

From what I've seen and what she's told us, I'm satisfied Mrs H made the payments here with the intention of purchasing and paying for a motorhome. And I haven't seen anything to suggest that Mrs H didn't think this was legitimate.

But I'm not satisfied the evidence I've seen shows that the dealer intended a different purpose for the payments than Mrs H, or that Mrs H's and the dealer's purposes for the payments weren't broadly aligned.

When Mrs H first agreed to purchase the motorhome, I think her understanding of her agreement with the dealer was that the dealer would arrange to provide her with the motorhome and any payment she made would be to pay for the motorhome. And while I appreciate that Mrs H didn't make any payments from her HSBC account at this point and the motorhome wasn't delivered when she was originally told it would be, the dealer did arrange for the motorhome to be manufactured and Mrs H could have taken ownership of it if she had chosen to. So I think this suggests the dealer did intend to act in line with their agreement at this stage. And so I don't think there was any difference in the purposes she and the dealer intended at this point.

After Mrs H agreed that the dealer would sell the motorhome for her, and the dealer told her they had paid for the motorhome and asked her to pay the remaining balance, I still think Mrs H's intended purpose for the payments was to pay for the motorhome – even though

she was no longer expecting it to be delivered to her. Mrs H had still agreed, and did still pay, the amount she had agreed to pay for the motorhome when she originally purchased it, rather than the amount the dealer had paid the manufacturer. So I think this suggests her intention for the purpose of the payments was to pay the originally agreed purchase price, not just to reimburse the costs the dealer had incurred in providing the motorhome.

I recognise Mrs H has said the dealer hadn't actually paid for the motorhome at the point they asked her to pay the remaining balance. But, from what she's told us, the dealer arranged finance on the motorhome two days later and so had created an obligation to pay for the motorhome around this time. And so I don't think the dealer asking Mrs H to pay the remaining balance at this point suggests that they didn't intend to use her funds to satisfy this obligation or were operating a scam.

Mrs H has also said the dealer agreed to sell the motorhome to new buyers shortly after this in April 2023, rather than in July 2023 when the dealer told her they had agreed a sale. But while I agree this means the dealer could have told her about the sale to the new buyers sooner, I don't think this necessarily means that dealer was operating a scam. The dealer could simply have forgotten to update her sooner, or could have delayed telling her in an effort to ensure she still paid him – neither of which would necessarily mean they didn't intend to act in line with the agreement they had made.

And, in any event, the agreement between Mrs H and the seller at this point was that she would pay him the remaining balance she had agreed when she originally agreed to purchase the motorhome. I've not seen anything to suggest a sale to new buyers would have altered this agreement or meant Mrs H no longer had to pay the balance to the dealer. So I don't think any delay by the dealer meant they were no longer acting in line with their agreement with her.

Mrs H also received a significant amount of money back from the dealer after the payments she made towards them - £3,000 in July 2023 and £10,000 in November 2023. But sending this amount of money back to a victim, particularly so long after the payments they made, isn't what I'd expect of someone who only intended to steal the victim's money. So I think this also suggests the dealer was at least attempting to act in line with the agreement they made with Mrs H.

Mrs H has also mentioned that there are a number of other people who have lost money to the dealer in a similar way, and that another bank has accepted that the dealer was operating a scam. But our service must look at each case individually, on its own merits. So I can't comment on any other potential victims or any decision made by another bank.

I appreciate that Mrs H has highlighted a number of irregularities in how the dealer has conducted their business. And I agree that these suggest the dealer wasn't acting as I would usually expect a professional business to. But acting unprofessionally does not mean the dealer was operating a scam. And, ultimately, I don't think the evidence suggests the dealer didn't intend to provide the motorhome or act in line with their agreement with Mrs H at the time the purchase was agreed or the payments were made. I think it's more likely that the dealer intended to act in line with their agreement with Mrs H, but that other issues or circumstances ultimately meant that they were unable to.

So I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the dealer intended for these payments was different than the purpose Mrs H 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 Mrs H lost from these payments as a result.

It's possible that material new evidence may become available at a future date, which suggests that the dealer did take the payments using dishonest deception. If that happens, Mrs H can ask HSBC to reconsider her claim for these payments and, if not satisfied with its response, bring a new complaint to our service.

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

HSBC did offer to pay Mrs H £50 as compensation for poor customer service it provided to her while she was making her claim. And I agree that HSBC gave Mrs H incorrect information about the timescales for making her claim and incorrectly told her that her claim was out of time. I think this incorrect information caused Mrs H distress and inconvenience and I don't think the £50 HSBC offered was fair and reasonable compensation for this. So I think HSBC should pay Mrs H an additional £100, for a total of £150 compensation, as I think this would be appropriate compensation for the distress and inconvenience its poor service caused her.

My final decision

For the reasons set out above, I uphold this complaint in part and require HSBC UK Bank plc, trading as first direct bank, to:

- Pay Mrs H a further £100 compensation, for a total of £150

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 21 August 2025.

Alan Millward
Ombudsman