DRN-5561076

The complaint

Mrs D complains that HSBC UK Bank Plc did not reimburse the funds she says she lost to a scam.

What happened

Mrs D had previously had her roof replaced by a company in January 2023, at a cost of around £40,000. However, after a few months this started to leak. She was able to temporarily fix this, but she needed remedial work done. The original company who fixed her roof arrived at her house with a colleague I will refer to as 'P', who was taking over the business. P offered to fix the flat roof again at a cost of £4,250, which Mrs D agreed to. However, once P started work, he said the main roof also needed replacing, and then said the beams on the main roof needed replacing as they were not structurally sound. Over the next month, additional costs for materials, work, VAT etc were added and the total cost went to over £148,000.

Mrs D contacted HSBC and raised a scam claim for the payments. She also spoke with her local council and the police, as well as trading standards. HSBC issued a final response letter on 1 October 2024 in which it explained as Mrs D appeared to have paid a builder who did carry out work, they would deem this to be a civil dispute and not a scam. Mrs D therefore referred the complaint to our service. She complained about the scam payments, as well as feeling like she had been forced by HSBC to use online banking which she felt offers lower protection to paying in branch.

Our Investigator looked into the complaint and issued a view explaining that they felt this was a civil dispute as set out by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. Overall, as work had been completed, albeit at a significantly inflated price, this would therefore be considered a civil dispute. And they explained that Mrs D was still able to make payments in branch over the counter if needed, so they did not think HSBC had restricted her ability to make payments.

Mrs D disagreed with the outcome and provided an independent survey on the work completed. She maintained that she had been the victim of a scam, and that P had been aggressive in asking her for funds. She provided some pictures of chats between herself and P, and said HSBC should have picked up on the unusual transactions she was making.

As an informal agreement could not be reached, the complaint has been passed to me for a final 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.

It isn't in dispute that Mrs D authorised the payments in question. Because of this the starting position – in line with the Payment Services Regulations 2017 – is that she's liable for the transactions. But she says that she has been the victim of an authorised push payment

(APP) scam.

HSBC has signed up to the voluntary CRM Code, which provides additional protection to scam victims. Under the CRM Code, the starting principle is that a firm should reimburse a customer who is the victim of an APP scam (except in limited circumstances). But the CRM Code only applies if the definition of an APP scam, as set out in it, is met. I have set this definition out below:

...a transfer of funds executed across Faster Payments…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 explicit that it doesn't apply to private civil disputes. The wording in the code is as follows:

"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."*

I've therefore considered whether the payments Mrs D made to P fall under the scope of an APP scam as set out above. Having done so, I don't agree that they do. I'll explain why in more detail.

I've considered the first point listed out above, and from what Mrs D has said, it appears she has paid the individuals she intended to pay. So, I don't think it is relevant in this complaint.

I have gone on to consider the second point, if Mrs D transferred the funds for what she believed was a legitimate purpose but turned out to be fraudulent.

Mrs D has not been able to provide any invoices for the work that was completed, and I have some screenshots of messages between herself and P, but these are sporadic and do not show the beginning of their communication. Because of this, it is difficult to know exactly what was agreed on and what each individual payment was meant to be for. Mrs D had previously sent our service a breakdown of what she believed each payment was for. However, having compared these to the limited screenshots of conversations she had with P, these do not tie up and they suggest different purposes for the payments. While I can understand why Mrs D's memory may have faded over time, it does mean I am unable to place as much weight on her version of events.

I have carefully reviewed the report Mrs D provided, which was requested by herself and her local trading standards branch. The report confirms that work was completed on Mrs D's property. It states that work had been completed on the roof, and in part this was done to a reasonable standard. For example, the membrane that had been used was an acceptable standard, and it appeared battens had most likely been replaced and appropriate tiles used. However, some work was not satisfactory and needed some remedial work. The report concluded that Mrs D said she had paid considerable sums of money for the roof which far exceeded the realistic cost of the work, however there was no documentary evidence on what the funds had been spent on.

I do appreciate that Mrs D appears to have paid significantly more than the works should have cost, however this alone does not necessarily mean she has been the victim of a scam. As mentioned above, without a better understanding of what the payments were for, what was agreed with P, and then what works were carried out, it is difficult to quantify what any possible loss or overpayment was.

I do not want to diminish how difficult the situation must have been for Mrs D, but I have to focus on whether HSBC should reasonably reimburse her. Having carefully reviewed everything available to me, I do not think the payments fall under the CRM Code as a scam, and instead I think this is more likely a civil dispute. So, I think it was reasonable for HSBC to treat this complaint as a civil dispute.

I've also taken into consideration Mrs D's comments that the payments were unusual so should have been picked up on by HSBC. I've looked over her statements and I can see that in April 2023 she made genuine payments of £6,588.14, £10,000, £15,000 and £25,000. I therefore do not think it was unusual for Mrs D to make multiple high value payments in a month, so I don't think HSBC made an error when it did not intervene in the payments made to P and his associates. And as set out above, I think this falls into the category of a civil dispute, so it is difficult to agree that HSBC would have had concerns over the purpose of the payments had they spoken to Mrs D about them.

I am aware that Mrs D feels she was forced to open online banking in 2018 and that making transfers online are not as safe as making payments in branch. In order for Mrs D to access certain products or features HSBC provide, it may be that she is required to have online banking, but the choice would still be hers as to whether she registers for it or not. And while it may be that HSBC encourages its customers to use online banking, if Mrs D still wanted to make large transfers in branch this option would still be available to her.

My final decision

I do not uphold Mrs D's complaint against HSBC UK Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 23 September 2025.
Rebecca Norris
Ombudsman