

The complaint

Mr W complains that HSBC UK Bank Plc trading as first direct won't reimburse him, after he sent funds for home renovations, that he now considers to have been a scam.

What happened

The circumstances surrounding this complaint have been set out in detail in our investigator's view, so I don't intend to repeat them in detail here. But briefly, both parties accept that in March 2024, Mr W was approached at his home by a company I'll refer to as S, offering to complete work on Mr W's patio.

Mr W decided to go ahead with the work, and a price was agreed of £7,500 for resin to be laid, with no funds required up front. Work began the next day, but S then told Mr W that drainage work was required and this needed to be paid for straight away, at a cost of £9,000. While Mr W has explained he wasn't happy with this, he agreed to make the transfer. Mr W was then told the concrete currently in place was insufficient, and would require further work costing £8,000.

A few days later, when the majority of the resin had been laid, S requested the outstanding balance, which Mr W paid. However, following the payment, S never returned to complete the work. Mr W has since had a report completed by a surveyor which has branded the work on his garden as 'effectively worthless' owing to the poor quality of the work, which would need replacing in its entirety.

On this basis, Mr W believed he had been the victim of a scam and contacted his bank from where he made the bank transfers, first direct, to make a claim. First direct considered the claim but didn't uphold it, as it thought this was a civil dispute between Mr W and S.

Mr W disagreed and referred his complaint to our service. An investigator considered the complaint, but also concluded this to be a civil matter. She didn't think the available evidence sufficiently supported that S never intended to complete the work agreed to, based on the work that *had* been carried out.

Mr W disagreed with the investigator's view. He provided evidence from Trading Standards that he considered supported his position that this was a scam, rather than civil.

As Mr W disagreed with the investigator's view, the complaint has been referred 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.

I'm very sorry to hear of the position Mr W has been left in. He has paid out a considerable amount of money and yet, as set out by the surveyor, the work completed is entirely unacceptable.

Based on everything I've seen, it seems hard to argue other than that S has breached its contract with Mr W. But I'm not deciding a dispute between Mr W and S – I don't have the power to look into a complaint about S. My role is limited to deciding the dispute between Mr W and first direct.

Of course, first direct didn't contract with Mr W for the building work he wanted done, and I can't hold it responsible for any breach of contract or other failings on S' part. As a starting point in law, Mr W is responsible for payments he's instructed first direct to make. Unfortunately, there's little protection available to him for bank transfer payments, like these were.

The Lending Standards Board Contingent Reimbursement Model Code (the CRM Code) does provide some protection to victims of APP scams. But it specifically excludes private civil disputes.

There are a number of potential reasons (other than an APP scam) for a dispute such as the one between Mr W and S to exist. And unfortunately, businesses (such as S' business) can fail or be mismanaged such that contracts are breached and agreed goods and services aren't provided. But that doesn't necessarily amount to evidence of an intent to commit an APP scam.

Specifically, the CRM Code details that private civil disputes can include payments made to a legitimate supplier where the goods ordered, or services agreed, were not received. The CRM Code will not apply to payments that meet that definition.

Instead for a payment to be covered by the CRM Code, it must meet the definition of an APP Scam under the CRM Code. In this context, that would require that the very purpose for which S procured the payment was different to what Mr W believed due to dishonest deception. In order to make such a finding, I would need to conclude that S had no *initial intention* of completing the works it agreed with Mr W. That, of course, becomes far more difficult when the majority of works *have* been completed, albeit to an entirely insufficient standard. But at the same time, S *did* do work.

Similarly, while the scope of the work increased from what was initially agreed, it's very difficult for me to safely determine that this work was entirely unnecessary – or, more importantly, that S considered it entirely unnecessary – and that Mr W was deceived otherwise. That doesn't appear to be in any case what Mr W is implying here – while the work was done, he is understandably concerned by its quality and lack of finish. However, as I've set out above, that isn't covered within the scope of an APP scam under the CRM Code.

Trading Standards have set out several concerns regarding S and I've thought carefully about whether this is sufficient to demonstrate an APP scam has taken place. But I don't think the evidence currently available meets that high threshold. A number of Trading Standards' concerns relate to S' trading practices, but I haven't seen anything specifically demonstrating an intent to scam. In any event, this is currently an investigation and I'm not aware that any charges have so far been made.

All considered I simply can't safely conclude that S took Mr W's money without ever having any intention of carrying out the work he paid for. The evidence available to me simply isn't enough to support such a finding.

I appreciate how frustrating and disappointing this answer will be. Mr W has lost a lot of money as a result of S' failure to complete the agreed work. But I can't exclude the possibility that S entered the agreement in good faith, intending to fulfil the work and then was unable or unwilling to fulfil the agreement for some reason. The evidence doesn't allow me to conclude it's more likely than these alternative possibilities that S intended to steal Mr W's money from the outset and never had any intent of fulfilling the arrangement in full or in part.

That means that I can't fairly hold first direct responsible for the loss suffered here by Mr W. It also means I find the bank had no ability or obligation to try and recover his money.

In saying all of this, I don't underestimate the impact this whole matter has had on Mr W – I am sorry he has lost out through no fault of his own. It does seem her trust in S was misplaced and he has been badly let down. But that fault lies with S and not with the bank.

And it's simply the case that I can't fairly tell first direct to pay him the money he's lost, because I don't think first direct has treated him unfairly or was otherwise at fault here.

Legal proceedings may uncover new evidence or change the basis on which this case has been considered up until now. However, I have to decide the case on the facts and information currently available to me.

If new material information does come to light, at a later date, then a new complaint can be made to first direct. But I'm satisfied, based on the available evidence that I have seen and been presented with by all parties, that this is a civil dispute.

My final decision

My final decision is that I don't 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 19 November 2025.

Kirsty Upton
Ombudsman