

The complaint

Ms K complains that HSBC UK Bank Plc (“HSBC”) won’t refund her money, which she believes she has lost to a scam.

What happened

The background to this complaint is well-known to both parties and has been laid out in detail by our Investigator in their view, so I won’t repeat it all again here. But in summary I understand it to be as follows.

In or around February 2025, Ms K was looking for a tradesman to carry out some work on her property. She found one, who I’ll call “P”, through a well-known online directory for tradespeople. Ms K contacted P, who provided a quote for the work – satisfied with this, Ms K instructed P to carry out the work.

P requested a deposit of £800 for materials, which Ms K sent to P on 25 February 2025, from the account she holds with HSBC. But Ms K has said that P didn’t complete the work or provide the materials she had paid for. Ms K asked P for a refund, but this wasn’t received.

Believing she’d been the victim of a scam, Ms K raised the matter with HSBC. It looked into her complaint but didn’t think it was liable to refund the money Ms K had lost. In summary, this was because it thought what had happened was a civil matter, between Ms K and P.

Unhappy with HSBC’s response, Ms K referred her complaint to this service. One of our Investigators looked into things, but she agreed with HSBC, that this was most likely a civil dispute, and so Ms K was not entitled to a refund of the payment she had made.

Ms K didn’t agree with our Investigator’s view, she maintained that what had happened was a scam. In summary, she said;

- She doesn’t believe P bought the materials they said they had.
- She doesn’t believe HSBC contacted the beneficiary bank (the bank to which the payment was made).
- P had never replied to a court claim and so a County Court Judgement (CCJ) was issued against P, in Ms K’s favour. Ms K added that P also has unsettled CCJ’s with other people. Which Ms K believes shows a pattern of systemic fraud.
- P was threatening when she tried to call them from a hidden mobile number.
- P took the deposit when they were in the process of dissolution, which they knew would be unrecoverable when P ceased trading.

As agreement couldn’t 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.

Having thought carefully about HSBC's actions, I agree with the findings set out by our Investigator and for broadly the same reasons. I do appreciate how disappointing this will be for Ms K, but I don't think I can fairly hold HSBC liable for her loss.

In her submissions and in her response to our Investigator's view, Ms K has provided some detailed submissions. I won't be responding in kind, and I intend to keep my final decision relatively brief here. I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. Instead, it's because the evidence and outcome have already been explained to Ms K (and HSBC) by our Investigator. And having considered what our Investigator has said, whilst thinking about the available information and evidence myself, I see no reason to reach a different outcome. I'll explain why.

When considering what is fair and reasonable in this case, I've thought about the relevant rules that were in place at the time the disputed payment was made. From 7 October 2024, Payment Services Providers in the UK, like HSBC, have been bound by the Faster Payments Scheme (FPS) and the CHAPS reimbursement rules ("Reimbursement Rules"). Under these rules, most victims of Authorised Push Payment (APP) scams should be reimbursed – but "private civil disputes" are not covered.

I've therefore considered whether what has happened between Ms K and P meets the Reimbursement Rules' definition of an APP scam or could more reasonably be classed as a civil dispute. The Reimbursement Rules define an APP Scam as:

"Where a person uses a fraudulent or dishonest act or course of conduct to manipulate, deceive or persuade a consumer into transferring funds from the consumer's relevant account to a relevant account not controlled by the consumer, where:

- The recipient is not who the consumer intended to pay, or*
- The payment is not for the purpose the consumer intended"*

By contrast, a private civil dispute is defined as;

"A dispute between a consumer and payee which is a private matter between them for resolution in the civil courts, rather than involving criminal fraud or dishonesty".

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

"2.6 Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act."

2.5 provides an example of when this might apply:

"...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 consider what has happened here as an APP scam, I would need to be satisfied that it involves criminal deception. The evidence for this would therefore need to be convincing.

The allegation of fraud is a serious one and the threshold for establishing fraud is a high one. In criminal proceedings, the standard of proof is “beyond reasonable doubt”, but this service assesses cases using the civil standard of proof, which is based on the balance of probabilities. Under this standard, a finding of fraud must be more likely than not. Even so, the bar remains high. It is not enough for fraud to be a compelling or persuasive explanation, nor is it sufficient for it to be the most likely among several possible explanations. It must be more probable than the opposite conclusion — i.e., that fraud did not occur.

I can certainly see why Ms K is aggrieved by the actions of P, and I understand why she thinks P has scammed her. But having carefully weighed up all the available evidence, I’m not persuaded P more likely set out with the intent to defraud Ms K from the outset. I’ll explain why.

Simply failing to provide an item or service that has been paid for won’t be enough to show that what happened was an APP scam. That’s because the key issue is whether P’s intention at the time of the payment was to defraud Ms K, and any other reasons for P not carrying out the service might not mean that was always what had been intended.

There is no dispute here that Ms K paid who she intended on paying, P, so the first part of the APP scam definition doesn’t apply here. I’ve therefore gone on to consider whether, as a result of dishonesty, the payment was made for a purpose other than Ms K intended. In order to be satisfied Ms K has fallen victim to an APP scam, I need to be persuaded P set out to defraud her.

Here, the purpose of the payment was for P to provide building work (more specifically in Ms K’s bathroom). I appreciate Ms K has said the goods/service weren’t provided, but it is clear from the evidence that P has quoted and provided an invoice for these goods/services, and the nature of P’s business is consistent with what they were offering.

As well as this, at the time the payment was made, P was registered on Companies House, with the nature of its business being consistent with the service it was offering Ms K. It appears to have been registered and to have been established for some time prior to Ms K making the payment. Which further supports that P was a legitimate firm providing a service that is in line with what the purpose of Ms K’s payment was intended for.

Ms K has said P took the payment when it knew it was going to be ‘dead’ and knowing that the money would be irrecoverable. But I don’t agree the evidence fully supports that, there are many reasons, other than fraud, why a company may fail to meet their commitments and why a company may be struck off. They may act unprofessionally, may get into financial or personal difficulties, or may experience trading difficulties due to lack of custom. But it doesn’t automatically follow that this demonstrates an intent to defraud and a company will often try and trade through difficult periods, but still ultimately fail – but this doesn’t automatically mean they are acting fraudulently.

I am mindful that Ms K has highlighted some issues which might suggest P wasn’t acting as I might expect a professional tradesperson to do. Such as its director having multiple unsatisfied CCJ’s against them, including with Ms K. While this may demonstrate that P is of poor character and unscrupulous, it does not necessarily show, in the individual circumstances of this case, that there was an intent to defraud.

While I accept these behaviours can be hallmarks of a scam, there are other possible reasons for them being present. I need to weigh up what I think is more likely than not to have happened here and whether P set out to defraud Ms K. Of course, I can’t know for sure what was intended, particularly in the absence of any direct contact and testimony from the third party involved – P. Instead, I need to make my decision based on the evidence that is

actually available to me and considering whether I think that evidence shows fraud is the most likely of the possible outcomes (in other words, applying the balance of probabilities).

I understand that Ms K has said she reported the matter to the Police, Action Fraud and Trading Standards. But I've not seen any evidence to suggest that any substantive lines of enquiry are being pursued against P, nor that any charges have been brought. While I'm mindful it isn't necessary for a criminal conviction to have been secured or for charges to have been brought for what happened here to meet the Reimbursement Rules definition of an APP scam - the fact that the relevant authorities appear not to be pursuing a substantive investigation into the allegations raised by Ms K suggests to me that the evidence presented does not, on its own, currently carry sufficient weight to support a finding of fraud.

There are also a number of other factors that aren't typically seen in scams. I say that as the evidence I've seen shows that P did continue to communicate with Ms K after the payment was made, discussing potential start dates. So, P did stay in contact with Ms K, at least for a time and I can see that although in the main it was P who pushed back start dates, Ms K also did. It is not usual in the case of scams, for a fraudster to stay in contact with their victim - where more often than not, on receipt of a victim's money, a fraudster will then no longer be contactable.

Of course, the reasons P gave for pushing back start dates may have been excuses and lies, but I cannot rule out that it is at least equally as possible that these may also have been legitimate reasons for the delay in the service being provided.

Alongside this, while I can't go into specific details due to data protection reasons, information I've seen from the beneficiary bank supports that P didn't have a different intention for the money that was received. The beneficiary bank, which I note HSBC did contact during its investigations, has said it didn't have any concerns about how the account was being operated. I'm also aware that there had been no other concerns raised about the activity on the beneficiary account. As well as this, the activity on the account is consistent with what you would expect to see from an account operating in the building/plumbing trade. Typically, if somebody were running a fraud, you'd expect to see other concerns raised and untypical behaviour – but that isn't the case here.

I want to be clear that I am not ruling out the possibility that Ms K has been the victim of fraud here and in the individual circumstances of this case it is finely balanced. But with the evidence currently available, I can't safely say that fraud is the most probable explanation, over any other, as to why things have gone wrong.

I don't intend any comments or findings I've made in this decision to downplay or diminish the impact these matters have had on Ms K. I have a great deal of sympathy for her, and I don't doubt that she has been let down and that she has a genuine grievance against P. But in the circumstances, having carefully considered everything, I don't find HSBC were wrong to decline Ms K's claim when considering the Reimbursement Rules. Neither do I find there were any other failings on HSBC's part that would lead me to uphold this complaint.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 6 May 2026.

Stephen Wise

Ombudsman