

Complaint

Mr F is unhappy that HSBC UK Bank Plc didn't reimburse him after he reported falling victim to a scam.

Background

Mr F wanted to publish a book that he had written and found a company online advertising its services. I'll refer to that company as Company A. He was told his book would be published within 12 months and so he agreed to pay a fee of £1,487. I understand he followed up after six months and was told that everything was on track.

However, in January 2025 he learned that his book would not be published after all. He was told that a rogue employee had stolen a significant amount of company funds. Company A said that it wasn't in a position to pay a refund to Mr F because it had legitimately spent money on his book and, due to the actions of the errant employee, it didn't have the funds to do so.

Mr F started looking for more information online and found many other people with similarly negative experiences with Company A. He concluded that he must have fallen victim to a scam. He notified HSBC but it didn't agree to refund him. It said:

"The situation is a civil dispute between you and the company you paid. We are unable to assist with a civil dispute, I would suggest you contact the Citizens Advice Bureau for any further assistance or take legal action against the person involved."

Mr F didn't agree with HSBC's conclusion and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr F disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Under the relevant regulations, the starting position is that customers are responsible for payments they have authorised. Since Mr F authorised the payment in question, he is presumed liable for them. However, this is not the end of the matter. Banks are also expected to monitor account activity for signs of potential fraud. If a bank identifies indicators of risk, such as a payment being unusual or out of character, it should respond to that risk in a proportionate way. In addition to that, HSBC was a signatory to the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code). Signatories to the CRM Code were generally required to reimburse customers who fell victim to authorised push payment (APP) scams, except if a limited range of exceptions applied.

However, the CRM Code doesn't apply in all cases. In order for Mr F to benefit from its provisions, what happened here has to meet the relevant parts of its definition of an APP scam. In other words, these payments must have been ones where he *"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. It says:

"This Code does not apply to [...] 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."

The first matter, therefore, that I have to decide is whether the provisions of the Code apply at all in view of the above. To find that this was fraud, I'd expect (a) there to be a misalignment between the purpose for which Mr F made the payment and the purpose for which it was procured by Company A; and (b) that difference to have been due to dishonest deception on the part of Company A. The key consideration here is what the intentions were of the directors of Company A. I obviously can't know what they were for sure, so I have to look at what the other available evidence shows and use that to infer what their intentions likely were.

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've considered the evidence submitted carefully and I'm not persuaded that it does meet that standard. I'll explain why. I accept that Company A hasn't performed its agreement with Mr F. He contracted with it to arrange for the publication of his book and that didn't happen. However, the fact that the company breached its contract with Mr F doesn't automatically mean it was acting fraudulently. I can't rule out the possibility that it intended to publish the book, but its efforts were frustrated whether by chaotic mismanagement or cashflow problems. The fact that it apparently lost a significant amount of funds to a rogue employee supports the possibility that its impact on cashflow affected its ability to meet its contractual obligations to Mr F and its other clients.

It does have a footprint on the Companies House register of companies and that shows, up until that point, it had been trading uneventfully for over a decade. I've also seen evidence suggesting it had published a number of books that were made available via mainstream retailers in the years prior to Mr F making this payment.

This service has also had sight of evidence shared by the receiving bank – that is, the bank that operated the account belonging to Company A. Statements for that bank account show transactions that are consistent with it having operated as a legitimate publishing company. There's evidence to show it received funds from an online retailer and that it paid royalties to authors with which it had a relationship.

There is clearly an abundance of evidence online which suggest that Company A hasn't treated its clients well. I've seen claims of delays to publishing, poor quality editing, a failure to pass on royalties to some authors and a heavy-handed response to any individual who posts criticism of it online. I accept that none of this paints Company A in a favourable light but it is insufficiently persuasive to suggest that this was fraud.

I'm also aware that its activities were the subject of a segment on a national television programme. However, that broadcast mainly focused on the unfair terms Company A inserted into its contracts with authors. There doesn't appear to have been a suggestion that it took money with no intention of performing any service at all.

I understand that Company A is the subject of a formal investigation, and its former directors will soon be prosecuted by the Trading Standards department at the local authority in which it operated. The details of that investigation haven't been shared with me, so I'm reluctant to

attach too much weight to that fact. I'm aware that Trading Standards can prosecute a range of offences and not all of them require that they show dishonesty on the part of the defendant, something which I would expect to see evidence of if I were to find that Company A was operating fraudulently.

I don't say any of this to downplay what Mr F has been through here. He paid a company for a service in good faith, and he's been badly let down. However, I'm not convinced the weight of the evidence supports the claim that he fell victim to a scam. Having said that, this decision should not be taken as a formal finding that Company A was not fraudulent. It could well have been. However, I must assess the case based on the evidence that is available to me, and I'm currently not persuaded it is sufficiently strong for me to reach the conclusion Mr F wants me to.

That situation may well change, and further evidence might come to light in the future which affects the outcome I've reached here. If it does, Mr F should first make it available to his bank to review. If he's unhappy with its response, he can bring a fresh complaint to this service.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 8 January 2026.

James Kimmitt
Ombudsman