

The complaint

Mrs E complains that HSBC UK Bank Plc won't refund the money she lost when she was the victim of what she feels was a scam.

What happened

In August 2024, Mrs E was looking to buy some flight tickets. She was recommended a travel agent by a friend of her husband, and says she agreed a price with the agent for four tickets and so started making payments to pay for them.

I've set out the payments Mrs E made to the travel agent below:

Date	Amount
13 August 2024	£400
2 September 2024	£200
31 October 2024	£400
5 November 2024	£200
27 November 2024	£2,000
3 December 2024	£600

Unfortunately, Mrs E only received one of the four tickets she had been paying for. And when she asked about the remaining tickets she was told she would have to pay an additional amount before she could receive them. Mrs E then thought she had been the victim of a scam, and reported the payments she had made to HSBC.

HSBC investigated but said it appeared the travel agent Mrs E had paid was a legitimate company. So it felt this was a civil dispute between her and the travel agent, rather than a scam. Mrs E wasn't satisfied with HSBC's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think the circumstances here met the definition of a scam from the relevant reimbursement rules. So they didn't think HSBC should have to refund the payments Mrs E had made. Mrs E 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.

Having done so, I don't think it would be fair to require HSBC to refund the money Mrs E lost here. I'll explain why below.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises it to make. However, where the customer made the payments 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 payments.

Is Mrs E entitled to a refund under the CRM code?

HSBC was a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). This code was in place when Mrs E made the first two payments here, and required firms to reimburse customers who had been the victim of certain types of scams, in all but a limited number of circumstances. But customers were only covered by the code where they had 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 E 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 travel agent intended were broadly aligned and then, if they weren't, whether this was the result of dishonest deception on the part of the travel agent.

From what I've seen, I'm satisfied Mrs E made the payments here with the intention of purchasing flight tickets. And I haven't seen anything to suggest she didn't think this was legitimate.

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

I've thought very carefully about this and I think it's a finely balanced matter in this case. But where the evidence available is unclear or inconclusive, I must make my decision on what I think is more likely to have happened, based on the evidence I do have.

I appreciate that Mrs E didn't receive all of the tickets she thought she had agreed to buy from the travel agent. But businesses can fail to provide goods or services for a number of reasons, which don't necessarily mean they have been operating a scam. And so I don't think this, by itself, is sufficient to say Mrs E has been the victim of a scam.

Mrs E has said she was recommended the travel agent by a friend of her husband. But I wouldn't usually expect someone operating a scam to be able to arrange this kind of personal recommendation.

The travel agent also provided one of the flight tickets Mrs E was trying to buy, which Mrs E has said her husband used to travel successfully. And I think this suggests the travel agent was at least attempting to provide the services it had agreed with Mrs E.

The bank Mrs E sent the payments to has also told our service it doesn't have any concerns about the activity on the account. And I've seen evidence relating to the account the payments were made to, and while I can't share any details of this evidence, I think it shows the account appears to have been run at the time as I would expect a legitimate business' account to have been run and doesn't suggest it was being used to operate a scam.

I also haven't been provided with evidence of any investigation by an external organisation which concludes that the travel agent was operating a scam in relation to the payments Mrs E made.

So I'm not persuaded that the available evidence is sufficient to safely conclude that the purpose the travel agent intended for these payments was different than the purpose Mrs E intended. And so I think HSBC has acted reasonably in saying the circumstances here don't meet the definition of a scam from the CRM code, and in not agreeing to refund the money Mrs E lost from these first two payments as a result.

Is Mrs E entitled to a refund under the ASR rules?

The Payment Systems Regulator introduced the APP Scam Reimbursement (ASR) rules on 7 October 2024 to reimburse consumers who are the victims of APP scams in certain circumstances. So these rules were in place when Mrs E made the last four payments here. But the rules only apply where the customer has been the victim of an APP scam, which the rules define 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"*

The rules also specifically outline that private civil disputes are not covered. And a private civil dispute is defined in the rules 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:

"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."

It also provided an example of a civil dispute:

"...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 E has been the victim of a scam as defined in the ASR rules, I need to consider whether the payments were made for the purpose she intended and then, if they weren't, whether this was the result of fraud or dishonesty on the part of the travel agent.

But, for the same reasons I explained above in relation to the payments covered by the CRM code, I'm not persuaded the available evidence is sufficient to safely conclude that the purpose the travel agent intended for these payments was different than the purpose Mrs E intended, or that the payments were not made for the purpose Mrs E intended.

And so I think HSBC has acted reasonably in saying the circumstances here don't meet the definition of a scam from the ASR rules, and in not agreeing to refund the money Mrs E lost from these last four payments.

I also don't think there are any other grounds on which it would be fair and reasonable to require HSBC to refund the payment Mrs E made here.

I sympathise with the position Mrs E has found herself in and I appreciate that she has lost a significant amount of money and had to buy replacement flight tickets at a much higher cost than she thought she had agreed with the travel agent. I'm also in no way saying she did anything wrong or that he doesn't have a legitimate grievance against the travel agent. But I can only look at HSBC's responsibilities and, for the reasons I've explained above, I don't think it would be fair to require HSBC to refund the payments she has complained about here.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E to accept or reject my decision before 12 December 2025.

Alan Millward
Ombudsman