

The complaint

Ms A 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

The background to this complaint is well known to both parties, and so I've just summarised some of the key events below.

In March 2025, Ms A was looking to get some building work done at her property. She posted a request for quotes on an online services marketplace and was contacted by a builder who said they were interested in carrying out the work. Ms A then met the builder, agreed for them to carry out the work and made a payment to them from her HSBC account.

Shortly after they came to start the work, the builder told Ms A the roof of her property was in a bad condition and should be re-done. They showed her a video of the roof, and Ms A then agreed for the builder to replace the roof and made another payment to them to pay for some of this work. Ms A then made several more payments to the builder over the following days, for further costs the builder said were needed.

I've set out the payments Ms A made from her HSBC account to the builder below:

Date	Amount
19 March 2025	£5,000
20 March 2025	£3,500
20 March 2025	£4,000
22 March 2025	£3,500
28 March 2025	£2,500

After these payments, Ms A became increasingly suspicious about the additional payments she was being asked for and the builder's failure to provide a contract and receipts she had requested. She ultimately said she'd pursue legal proceedings if the builder didn't send her the documents she requested, and her relationship with the builder broke down. Ms A then felt she had been the victim of a scam and reported the payments she had made to HSBC.

HSBC investigated but said it felt this was a civil dispute between Ms A and the builder, rather than a scam. So it didn't agree to refund the payments she had made. Ms A wasn't satisfied with HSBC's response, so referred a complaint to our service.

One of our investigators looked into the complaint. They felt HSBC had acted reasonably in saying the circumstances here didn't meet the definition of a scam. And so didn't think it should have to refund the payments she had complained about. Ms A 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.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment 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 payment.

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. However, 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."

Ms A has mentioned several other definitions of a scam when explaining why she feels the circumstances here were a scam. And she's said she's been told by several legal professionals or external bodies that the circumstances here meet those definitions of a scam. But, in order to find that HSBC should be responsible for her loss, the definition of a scam I must apply is the definition from the ASR rules, as set out above. So Ms A being told these other definitions of a scam have been met does not necessarily mean she has been the victim of a scam for the purpose of the ASR rules.

As set out above, in order to determine whether Ms A 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 builder.

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'm satisfied Ms A made the payments here for the purpose of paying for building work to be carried out at her property. But I'm not persuaded I can safely conclude that the purpose the builder intended for the payments was different to this, or that Ms A's and the builder's purposes for the payments weren't the same.

The builder appears to have carried out a reasonable amount of work here, and certainly more than just initial clearing or preparation work. From what Ms A has sent us, the builder removed and replaced her roof, as well as carrying out several other more minor pieces of work. But I'd usually expect a scammer to do as little work as possible in order to get the maximum possible profit in the shortest period of time. So more work appears to have been done here than I'd expect from someone who never intended to complete the work.

I appreciate Ms A has provided a report from an independent surveyor which says that the replacement roof the builder suggested she needed was not necessary. And I recognise this could mean the money for this extra work was obtained under false pretences. But tradespeople can have differing opinions on the necessity of work. And while she's said the builder put her under time pressure to decide, Ms A has also said the builder told her it was her decision whether to have the roof replaced. So it appears she could have decided not to have the roof replaced. And the builder did then replace the roof. And so it appears the builder did intend to carry out the work Ms A thought she was paying for, and so their intentions for the payments were the same.

The report Ms A provided from the surveyor also says that the work the builder did carry out was of a poor standard. But tradespeople can carry out work to a poor standard, or even fail to complete agreed on work, for a number of reasons that don't necessarily mean they intended to operate a scam. So I don't think this is sufficient to show that the builder intended to operate a scam here.

The builder stopped coming to Ms A's property after the relationship between them broke down following requests Ms A made for a contract and receipts, and a threat she made to pursue legal proceedings. So, however valid Ms A concerns were, it is this breakdown in their relationship that prevented any further work being done, rather than that the builder didn't intend to do any further work. And so I don't think this suggests the builder never intended to complete the agreed work.

I also understand the work Ms A had originally intended to be carried out at her property was never carried out by the builder. But, once it was agreed the builder would replace the roof, it was also agreed this original work would be done after the roof was replaced. But Ms A and the builder's relationship had broken down by this point. So I don't think this original work not being started necessarily means the builder never intended to carry it out.

The bank the payments were made to has also told us they haven't received any other scam reports against the account. But scammers usually target a number of people at once, in order to make as much money as possible before the scam is uncovered. So I'd expect to see other scam reports against the same account around the same time if the builder was operating a scam.

I've also 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 tradesperson's account to have been run and doesn't suggest it was being used to operate a scam.

Ms A has also mentioned that the builder's profile on the online services marketplace advertised them as being a trusted family business that had been operating for 19 years, which she says is untrue, and included a link to an account on a social media website that belonged to a different builder with a similar name. But while this may suggest the builder was misrepresenting the history of their business, I don't think it suggests Ms A intended to pay someone else or that the builder didn't intend to complete the agreed work. And so I don't think this kind of misrepresentation means the circumstances here meet the definition of a scam.

So I'm not persuaded the available evidence is sufficient to safely conclude that the purpose the builder intended for these payments was different than the purpose Ms A intended, or that the payments weren't made for the purpose Ms A intended. I think it's likely both Ms A's and the builder's intended purpose for the payments was the same – to pay for the agreed work to be carried out – but that other factors ultimately meant the work wasn't completed or done to a standard Ms A is happy with.

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 Ms A lost from these 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 payments Ms A made here.

I sympathise with the position Ms A has found herself in. I recognise she didn't receive all the work she paid for and has subsequently had to pay further amounts to rectify some of the work that was done. And I understand that my decision will come as a disappointment to her. I'm also in no way saying she did anything wrong or that she doesn't have a legitimate grievance against the builder. But I can only look at HSBC's responsibilities here. 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.

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 Ms A to accept or reject my decision before 13 March 2026.

Alan Millward
Ombudsman