

The complaint

Mr P is unhappy that HSBC UK Bank Plc (“HSBC”) won’t reimburse him the money he sent to a third-party for building works.

What happened

I’m not going to cover all the points raised in detail. The view of 9 September 2025 covered the details of Mr P’s testimony and listed the transactions in dispute. But briefly between 3 August 2024 and 23 December 2024, Mr P made multiple payments to a company (I will refer to as B in this decision) and to an individual (connected with B – Mr B) for building works. Mr P sent multiple payments but is disputing a proportion of these - £104,770 in total. Mr P realised something was wrong when a worker came looking for Mr B as he hadn’t been paid. He believes Mr B has fled the country and is now uncontactable.

Mr P complained to HSBC that he’d been the victim of a scam. HSBC said this was a civil dispute between Mr P and B/Mr B.

Mr P bought his complaint to this service. Our investigator did not uphold the complaint. He said the matter was a civil dispute which isn’t covered by the Contingent Reimbursement Model (CRM) Code or the Faster Payments Scheme Reimbursement Rules (“Reimbursement Rules”).

Mr P didn’t agree. In summary he said: He is astounded that the investigator classified B as legitimate. The investigator has ignored the police stating he has been reported for the same crime. His method of starting some work is to build trust. B has disconnected his phone, has a fake address and has disappeared. Mr P is unable to take civil action as B is not traceable and even if he was, B would claim bankruptcy.

As the complaint could not be resolved informally, it has been passed to me for a 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 done so, I’ve come to the same outcome as the investigator for broadly the same reasons.

I’m sorry to hear about the situation Mr P has been left in by B. He has paid a large sum of money for building works. It’s clear that Mr P feels strongly that B has tricked him. From his perspective, B charged for work that was not completed and some specific contracts for work, which were paid for in advance, were not started.

I understand Mr P has strong views about what has happened. I want to reassure him that I've considered everything he's provided to support the complaint very carefully. If I don't mention a particular point or piece of evidence, that's not because I haven't taken it into account. It's just that I don't consider it necessary to reference it to explain my decision, which is focussed on what I consider to be the main and material issues on which this complaint turns.

I'm not deciding a dispute between Mr P and B. I don't have any power to look into a complaint about B and how it acted, or about what the builder said or why he is now uncontactable. My role is limited to looking at whether HSBC has treated Mr P fairly. Specifically, on whether it has obligations that might mean I can tell HSBC it needs to do more to help Mr P. It's important to note that it isn't for HSBC (or this Service) to investigate B or somehow prove that B wasn't operating legitimately.

When considering what is fair and reasonable, I'm also required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

Where I can't know for certain what has happened, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

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 firms to reimburse the customer even though they authorised the payment.

Prior to 7 October 2024, HSBC was signed up to the voluntary Contingent Reimbursement Model (CRM) Code. Under the CRM Code, the starting principle is that a firm should reimburse a customer who has been the victim of an Authorised Push Payment ('APP') scam.

An "APP scam" is defined in the Definitions and Scope section of the CRM Code:

"Authorised Push Payment scam, that is, a transfer of funds executed across Faster Payments, CHAPS or an internal book transfer, authorised by a Customer in accordance with regulation 67 of the PSRs, where:

- i. The Customer intended to transfer funds to another person, but was instead deceived into transferring the funds to a different person; or
- ii. The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent."

The CRM Code is quite explicit that it doesn't apply to all push payments. It says:

"This Code does not apply to: (b) 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 later payments were made after 7 October 2024 when the Faster Payments Scheme Reimbursement Rules “Reimbursement Rules” came into force.

Similarly, the Reimbursement Rules set out the requirements for a payment to be covered and set out the features and definition of an APP scam. The Rules specifically 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”*

And the Rules specifically outline that private civil disputes are not covered. The term 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:

“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.”

The CRM Code and Reimbursement Rules are not a general protection for consumers. Instead, they only apply in very specific circumstances – where the customer has been the victim of an APP scam. And there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties for a dispute to exist. And unfortunately, businesses (such as B) 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.

For me to conclude that Mr P has been the victim of an APP scam, I’d have to be satisfied that B deliberately tricked him into making the payments for services it had no intention of providing at the time he made them. And I would need to be satisfied that the builder was acting fraudulently or dishonestly to deceive Mr P about the *very purpose* for which his payments had been procured.

I appreciate Mr P is trying to separate various contracts and projects and claim specific projects amounted to a scam – but the wider context about B is relevant here. According to Mr P’s original testimony to the bank, there’s no dispute that B did do some work for Mr P here and work was carried out over several months. This suggests an intention to deliver the agreed services. B may have provided substandard work, not completed the job and not started specific contracts paid for in advance, but that’s not enough to say this was an APP scam. Overall, B appears to have done a considerable amount more work than I’d expect from someone who never intended to carry out the work.

It seems to me that B was more likely than not operating as a legitimate builder. B's business was registered as a limited company on companies' house and had been incorporated since 2018. From what Mr P has said, long term friends had passed on B's details following works to their own property. There's no dispute that B did do some work for Mr P – just not on specific contracts/projects.

I am unable to share details about a third party and the nature of their relationship with their bank. But the evidence I've seen, regarding the beneficiary account indicates that Mr B and B's accounts were legitimate and had been established for some time. The activity is generally consistent with someone in the building trade – including payments to many building trade merchants over the period in question. This is not typical of a scammer's account.

The issue seems to be that certain specific projects which Mr P contracted with B for were never started and Mr B disappeared and became uncontactable. But this (services not received) is an issue clearly stated as not being catered for within the CRM Code and Reimbursement Rules. In other words, the fact that some specific building works were not started, doesn't necessarily make this an APP scam.

I can see why Mr P feels differently. B may not have started specific contracts it charged for and not completed work. B may have acted unprofessionally and is now uncontactable, but I still think B's intention was to do the work that had been agreed and that the payments were being made for the purpose Mr P transferred them for.

While some of issues Mr P has highlighted might suggest the builder wasn't acting as I might expect a professional builder to do, acting unprofessionally does not mean someone intends to operate a scam. I am aware the police are trying to track down Mr B, but their investigation is not complete. However, HSBC did say they would review the case – if material new evidence comes to light that changes the position in relation to Mr P's case.

Mr P has my sympathies. He has found himself in an unenviable situation. I'm not saying he doesn't have a legitimate grievance against B. But I can only look at HSBC's responsibilities here. This type of dispute isn't something that the CRM Code or Reimbursement Rules cover or that HSBC can be held responsible for.

Overall, I don't think HSBC has treated Mr P unfairly when it made the decision not to reimburse him. I'm satisfied that there hasn't been a bank error in this case. I can't see any fair or reasonable grounds on which I could say that HSBC should bear the responsibility of Mr P's loss, and I don't think it ought to have done more to assist Mr P in the circumstances – by intervening to prevent the payments or attempting to retrieve the payments from the beneficiary account.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 13 February 2026.

Kathryn Milne
Ombudsman