

The complaint

Miss J is unhappy that HSBC UK Bank Plc (“HSBC”) won’t refund the money she lent to a third party which she now considers to be a scam.

What happened

I’m not going to cover all the points raised in detail. The view of 6 November 2025 covered the details of Miss J’s testimony. But briefly around September 2024 Miss J came across an individual (I will refer to as S in this decision) when S applied for a job under Miss J’s employment. S found another job but got back in touch with Miss J around November 2024. Between November 2024 and January 2025 Miss J made multiple payments by faster payment to S and by card for S’s benefit, as well as payments to S’s children. Miss J says S promised the funds would be repaid but Miss J says this didn’t happen.

Miss J complained to HSBC that she’d fallen victim to a scam. HSBC declined to refund Miss J. It said it was a civil dispute.

Miss J bought her 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 new Reimbursement Rules.

Miss J didn’t agree. She said that S made false representations with the intention of unlawfully obtaining her money. Miss J relied on misleading information when she transferred funds to S. The reasons S gave for borrowing the money were false and actual use of funds was inconsistent with what S claimed.

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 conscious that Miss J has made detailed submissions to us about this complaint. I’d like to reassure her I’ve considered everything she has submitted carefully – including the detailed response and submissions following the view. If I don’t mention a particular point or piece of evidence, that’s not because I haven’t taken it into account. My findings focus on what I consider to be the central issues, and my role is to reach what I think is a fair and reasonable decision based on the available facts of the case.

I’m sorry to hear about the situation Miss J has been left in. It’s clear that Miss J feels strongly that S tricked her and she now considers that she’s been the victim of a scam. From her perspective, S deceived her into lending her money. But I don’t have the power to decide any dispute between Miss J and S or to interrogate third parties or consider S’s actions.

My role is limited to looking at whether HSBC has treated Miss J fairly. Specifically, on whether it has obligations that might mean I can tell HSBC it needs to do more to help Miss J.

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 or would have 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 the bank to reimburse the customer even though they authorised the payment.

Faster Payments

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"*

Private civil disputes are not covered by the rules. 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."

The Payment Systems Regulator in its published policy statement PS23/3 gives 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."

It 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."

Turning to the definition of an APP scam, Miss J did send money to the person she was intending to pay S (albeit the money sometimes went to S's son and daughter or merchants for the benefit of these people).

So, for Miss J to have been the victim of an APP scam, I would need to be satisfied that S was acting fraudulently or dishonestly to deceive Miss J about the very purpose for which her payments had been procured.

There is little detail about what the actual original arrangement between the two parties was here. But S was known to Miss J – they had met in person, and in my view, the messages appear as communications between two friends and there is also talk of a ‘partnership’. It is clear from the messages (and Miss J has confirmed) Miss J was lending S money – because S wasn’t able to access her own funds at the time (I appreciate Miss J has suggested that she has since discovered that the latter wasn’t true). But ultimately Miss J was lending S money and S was borrowing it – so this purpose does match. And it’s clear from the transaction history that some money was repaid into Miss J’s bank account. The messages also indicate that other funds were potentially returned to Miss J’s account in China, as well as suggestions of repayments made in cash.

The messages also show that there was some arrangement about what the rate of return or interest would be on the borrowed funds. As I’ve said I’ve not seen messages outlining what the original arrangement was but around 8/9 January 2025 there seems to be a dispute between the two parties about the rate of interest being charged. There is suggestion in the messages that this was some sort of a business arrangement around currency exchange. It seems that the relationship broke down shortly after this.

I’ve thought very carefully about this but, 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. When lending money, there is always a risk that a debtor may not repay the money - perhaps more so when (as was the case here) the arrangement was an informal one between two acquaintances. But S’s failure to repay what Miss J lent her certainly doesn’t establish that S acted criminally in borrowing it. There could be many reasons why someone hasn’t repaid as they said they would. And here it does seem as though S did intend to repay the funds as she has (at the very least) started to do so. And conversations around the repayment of the borrowed funds continues throughout the messages.

I obviously cannot know for sure what S actually intended and whether this was different to what she said at the time to Miss J. All I can do is look at the evidence that’s available to me now and consider whether this shows it is more likely that S took Miss J’s money with intentions not to repay it.

And having considered everything here, I simply can’t safely make a finding that S took Miss J’s money without ever having any intention of repaying her. The evidence available to me simply isn’t enough to show that explanation is more likely.

While some of the issues Miss J has highlighted might suggest S wasn’t acting as I might expect, it does not mean someone intends to operate a scam. And whilst an investigation into other matters might ultimately show that S is of poor character or is involved in unlawful activity in relation to other matters, it does not necessarily show in relation to the specific transactions carried out in this particular case that they were made to an APP scam.

I appreciate Miss J doesn’t agree, but Miss J’s transactions need to meet the specific definition set out for the Reimbursement Rules to apply – and they don’t.

Overall and on balance I don’t find this situation meets the definition of an APP scam as set out in the Reimbursement Rules. As HSBC didn’t need to consider this as an APP scam then it didn’t need to go on to contact the recipient account provider or apply any other considerations under the Reimbursement Rules.

In addition, HSBC doesn’t have any duty or obligation to intervene in payments that are legitimate or to protect its customers from the impact of a bad deal. So, I can’t fairly criticise HSBC for not doing more when Miss J made the payments.

Card payments

Some of the payments were made by card to genuine merchants. Payments were made for accommodation for S's children, and these sums were also due to be repaid to Miss J.

A chargeback is a process by which card payments can be disputed with the merchant who took the payment. But the bank can only challenge the payments if the goods and services were not received, through the Visa or MasterCard chargeback process. I'd only expect a bank to attempt a chargeback if there was a reasonable prospect of success.

I consider HSBC acted fairly and reasonably when it chose not to present a chargeback against the merchants in this case as the accommodation was provided by the relevant merchants there would have been no reasonable prospect of success.

In summary, I'm not saying Miss J did anything wrong or that she doesn't have a legitimate grievance against S. But I can only look at HSBC's responsibilities here. Overall, I don't think HSBC has treated Miss J unfairly when it made the decision not to reimburse her or raise chargebacks. For the reasons I have explained, I'm satisfied Miss J isn't due a refund under the Reimbursement Rules nor can I see there are other grounds on which I could say that HSBC should, fairly and reasonably, bear the responsibility for Miss J's money she lent to someone else.

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 Miss J to accept or reject my decision before 10 April 2026.

Kathryn Milne
Ombudsman