

The complaint

Mr A complains that HSBC UK Bank Plc ('HSBC') won't reimburse the funds he lost to what he believes was a scam.

What happened

Mr A says that a travel agency I'll refer to as Company Y had been promoted in his local community and had a shop. He used the company to buy flight tickets for himself and his family. In April 2024 Mr A paid a deposit of £1,200 to Company S. But his invoice was from Company Y. A director of Company S is also a director of Company Y and there are clear links between the companies.

When Mr A went to pay the outstanding amount, he was told not to make the payment as the company was experiencing some technical issues with the supplier. He was later advised to book another flight, and the company would reimburse the increased cost of doing so. Ultimately, Mr A didn't receive a refund on his flight tickets and contacted HSBC to raise a scam claim.

HSBC said Mr A has a civil dispute which it isn't responsible for.

Mr A was unhappy with HSBC's response and brought a complaint to this service.

The investigator who considered this complaint didn't recommend that it be upheld. She agreed with HSBC that this was a civil matter.

Mr A didn't agree with the investigator's findings, so the complaint has been passed to me to decide. He says that the police are investigating fraud and that there are warrants for the arrest of both directors of Company Y.

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 deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

I'd like to make it clear that I'm only considering one payment of £1,200 here. I've listened to Mr A's call with HSBC when he reported the scam and he only referred to this transaction. The HSBC agent asked Mr A if he had made any other payments to the same company and Mr A confirmed that he made another payment in May 2024 for a flight for his father. On that occasion the tickets arrived, and his father was able to fly as planned.

In broad terms, the starting position at law is that HSBC is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

Here it's not in dispute that the payments were authorised, so the starting position is that HSBC isn't liable for the transactions.

But, at the time Mr A made the payment, HSBC was a signatory of the Lending Standards Board's Contingent Reimbursement Model Code ('CRM Code') which required firms to reimburse customers who have been the victims of authorised push payment (APP) scams in all but a limited number of circumstances. But the CRM Code only applies if the definition of an APP scam, as set out in it, is met.

I have considered whether Mr A's claim falls within the scope of the CRM Code, which defines an APP scam as:

...a transfer of funds executed across Faster Payments...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) (ii) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.*

The CRM Code 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.

To decide whether Mr A was the victim of an APP scam as defined above I have considered:

- The purpose of the payment and whether Mr A thought this purpose was legitimate.
- The purpose the recipient (Company S) had in mind at the time of the payment, and whether this broadly aligned with what Mr A understood to have been the purpose of the payment.
- Whether there was a significant difference in these purpose, and if so, whether it could be said this was as a result of dishonest deception.

I'm satisfied Mr A made the payment here with the intention of purchasing flight tickets. I haven't seen anything to suggest he didn't think this was legitimate.

I've gone on to consider Company S's purpose in taking the payments. Having done so, I'm not satisfied that Mr A has demonstrated it's more likely than not Company S had a different purpose in mind or that there was fraudulent intent.

The company Mr A paid was a legitimate company that was registered on Companies House. This was also the case for Company Y. Company Y had premises that Mr A was able to visit, and I note that another flight booked by Mr A shortly after for his father was provided as expected.

I appreciate that Mr A didn't receive the tickets he was expecting. Businesses can fail or be mismanaged such that agreements are breached and agreed services aren't provided but such scenarios aren't covered by the CRM Code. I have seen an article that indicates that there was a fallout between key personnel that led to the collapse of Company Y.

I've been able to review confidential information from the bank that received Mr A's payments, which I'm unable to share due to data protection laws. Having carefully reviewed this account information, I'm satisfied the activity is in line with what I'd expect of a travel company.

Mr A has said the police have confirmed they are investigating the owner of Company Y and believe Mr A, along with many others, have been defrauded. I have carefully considered this and I'm aware that our service has recently spoken to the investigating officer. The investigation is ongoing though and the main suspect is no longer in the country. No charges have yet been made and the investigations haven't yet drawn any definitive conclusions as to whether Company Y or its director have acted fraudulently or whether they will result in a conviction.

I'm mindful that further information may come to light in the future that could evidence Company Y/S was acting fraudulently in relation to Mr A's payments. Should new material evidence become available in the future, such as a conviction for fraud, Mr A can ask HSBC to reconsider a claim under the CRM Code.

I also don't think that HSBC should have taken additional steps before processing the payment, which was relatively low in value and in line with Mr A's normal account activity. In any event, even if HSBC had asked Mr A about the payment at the time it was made I don't think it would have had any concerns.

Mr A says that HSBC has reimbursed other customers who used Company Y. I can only consider the complaint in front of me so I can't comment on complaints brought by other parties.

Overall, whilst I'm sorry to hear that Mr A has lost funds in these circumstances, I can't fairly require HSBC to reimburse him.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 5 March 2026.

Jay Hadfield
Ombudsman