

## **The complaint**

Mr K complains that HSBC UK Bank Plc ('HSBC') declined to reimburse him when he says he fell victim to a scam.

## **What happened**

The circumstances of this complaint are well known to both parties, so I will not go into every detail of what happened here. But, in summary, Mr K hired a company which I will call 'R' to complete works on his driveway, to clean it, remove weeds and seal it. He sent £475 to R, who attended the same day to undertake the work. But Mr K said that upon review of his video doorbell footage, he could see that R did not complete the work as agreed. When he contacted R, he said he did not hear back from it. Mr K said he also realised the man he had met had given him two names.

Mr K contacted HSBC and asked it to reimburse the funds he had sent to R, as he felt that R never intended to complete the work as agreed, and that he had been the victim of a scam. HSBC reviewed Mr K's scam claim, but declined to reimburse him and funds as it said that what happened amounted to a private civil dispute rather than a scam.

Unhappy with their response, Mr K escalated his concerns to our service where one of our investigators looked into what had happened. They did not recommend that the complaint should be upheld on the basis that they thought HSBC had acted reasonably in saying this amounted to a civil dispute rather than a scam. Mr K did not agree, so the case has been passed to me to decide.

## **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, I'm 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 time.

It is important to note that I am not deciding a dispute between Mr K and R. I do not have the power to consider any potential criminality or complaints about R. I would also like to note that the tests applied by the relevant bodies as to whether criminality occurred, are not the same as the tests I must apply to determine whether the bar for a scam claim against HSBC has been met. My role is limited to deciding the dispute between HSBC and Mr K. So, I need to decide whether HSBC acted fairly when it concluded that this amounted to a civil dispute and not a scam, such that the Lending Standard Board's Contingent Reimbursement Model ('CRM') Code did not apply in this case.

It isn't in dispute that Mr K authorised the payments that left his account. The starting position – in line with the Payment Services Regulations 2017 – is that he is liable for the transactions. But he says that he has been the victim of an Authorised Push Payment (APP) scam and that R's intent from the outset was to deceive him.

HSBC was a signatory to the voluntary CRM Code which was in place at the time of these payments. This was a scheme through which victims of APP fraud could sometimes receive reimbursement from the banks involved. The CRM code is quite explicit that it does not apply to all push payments. It says:

*“DS2(2) 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.”*

*Subsections (a) and (c) have been omitted as they are not relevant to this complaint.*

The CRM Code does not clearly define what a ‘private civil dispute’ amounts to, but a civil dispute can be ordinarily defined as a disagreement about, for example, quality of goods or services between private individuals or companies. The code broadly describes examples of what is considered an APP scam and this includes where the customer transferred funds to another person for what they believed were legitimate purposes, but which were in fact fraudulent. This can be considered a dishonest scheme, where the payee never intends the same broad purpose as the payer. In this case, that purpose would be the undertaking of works on Mr K’s driveway.

So, I can only apply the CRM Code to Mr K’s payments or consider HSBC’s liability to him under the CRM Code, if I’m satisfied that the payments were made as part of an APP scam. As opposed to a situation where R didn’t fulfil the contract with Mr K, for example, the business failing, a breakdown in relationship between the two parties, ill health or dissatisfaction with the quality of the work which would be considered a ‘civil dispute’ not covered by the CRM Code.

I’ve carefully considered all the reasons that Mr K believes he was the victim of an APP scam, however, I’m not satisfied that I can safely reach that conclusion. I’ll explain why.

In order for me to consider whether Mr K was the victim of a scam as defined in the CRM Code, I need to consider whether the purpose he intended for the payments was legitimate, whether the purposes he and R had for the funds were *broadly* aligned, and then, if they were not, whether this was as the result of dishonest deception on the part of R.

From what I have seen and what Mr K has told us, I am satisfied that he made the payment with the intention of having the works completed on his driveway. I have not seen anything to suggest that Mr K did not think this was legitimate. So, the matter in dispute is the purpose and intention of R when taking this payment.

I’ve thought about a number of factors to determine whether I think that Mr K and R’s purposes were broadly aligned. The man Mr K met was the director of R at the time of the incident. R was registered on Companies House, and the details matched with the flyer he was given prior to the works that were undertaken. I appreciate that they have now been struck off from Companies House, which may indicate some wrongdoing. But, this does not speak to the purpose R had for the payment at the time that it took it. R had an online presence. Whilst I cannot go into much detail for data protection reasons, a review of information from R’s bank did not provide me with any indication that R had misled others, or that it had intended to deceive Mr K from the outset here. And most notably R did undertake works on Mr K’s drive – albeit not the full works, or to the standard that Mr K was expecting. I do accept that some rogue trader scams can involve doing partial works as an inducement for a victim to send further funds – but this does not appear to be what happened here as Mr K had already sent the funds to R. So, considering all of this, I do think that what happened here amounts to a dispute between Mr K and R about the quality of the service that he paid it to undertake – and so it follows that I think HSBC acted fairly and reasonably in

determining this was a private civil dispute, rather than a scam.

**My final decision**

I do not uphold this complaint, and require HSBC Bank UK Plc to do nothing further.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 February 2026.

Katherine Jones  
**Ombudsman**