

## The complaint

Mr H and Ms D complain that HSBC UK Bank Plc ('HSBC') hasn't refunded the money they believe they lost to an authorised push payment ('APP') scam.

Ms D made the disputed payment, but communication has been with Mr H. So, for ease of reading, I'll refer mainly to Mr H throughout my decision.

## What happened

The circumstances of the complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

Around early 2025, Mr H's neighbour was having a wall built by some builders. Mr H approached one of the builders and complimented them on the work they were doing. Mr H also mentioned to the builder that he was interested in getting a quote to replace some fences at his home.

On 10 April 2025, Mr H says he was stopped, whilst away from his home, by a third party who began a conversation with him. The third party, whom I'll refer to as 'S', said they'd worked on Mr H's neighbour's wall, and they also knew Mr H was interested in receiving a quote for replacing his fences. Mr H says there had been several builders working at his neighbour's property, but S looked similar to the builder he'd previously spoken to, and he assumed it was the same person. So, Mr H agreed for S to quote for the work he wanted doing.

S subsequently quoted £3,500 to replace two fences at Mr H's home, which was agreed. S said Mr H would need to pay 80% of the cost upfront for materials. S asked for the payment to be made to another individual, whom I'll refer to as 'N'. Ms D subsequently made the disputed payment of £2,800 to N.

S returned to Mr H's home on 11 April 2025. Some of Mr H's existing fence panels were dismantled, but these weren't removed and were left in Mr H's garden. S advised Mr H that additional work would be needed to satisfactorily complete the job and this would cost an additional £2,000. Mr H refused to agree to the additional cost.

S said he would return to Mr H's home later that day, complete the originally agreed work and remove the old fences. However, S didn't return. The following day, S called Mr H and said one of his workers had passed away and so he couldn't come to Mr H's home that day, but he promised to return shortly afterwards. Unfortunately, S never returned to complete the work.

S subsequently asked Mr H for his bank account details so his funds could be returned. However, Mr H never received a payment from S.

Believing he'd been the victim of a scam, Mr H contacted HSBC for help. HSBC didn't agree that Mr H had been the victim of a scam. And, as Ms D had authorised the payment to N, HSBC considered there was nothing it could do to help.

Unhappy with HSBC's response, Mr H made a complaint. He said HSBC should refund his loss under the Faster Payment Scheme Reimbursement Rules ('Reimbursement Rules'). HSBC said the situation between Mr H and S was a civil dispute and therefore not covered by the Reimbursement Rules. So, HSBC considered it wasn't responsible for refunding Mr H's loss.

Mr H didn't agree with HSBC and so he referred his complaint to this service. Our Investigator considered the complaint but didn't uphold it. In summary, they weren't persuaded that Mr H had been the victim of a scam and so it wasn't unreasonable for HSBC to refuse reimbursement.

Mr H didn't accept our Investigator's outcome. As an informal agreement couldn't be reached, the complaint 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.

Mr H has made some detailed submissions in support of his complaint. I've read and considered everything he's sent in, but I don't intend to respond in similar detail. I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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 have been good industry practice at the time.

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

It's not in dispute that Ms D made the disputed payment. So, the payment was authorised and under the Payment Services Regulations, the starting position here is that HSBC isn't responsible for the loss this caused. However, that's not the end of the story.

The disputed payment was made after the Reimbursement Rules came into force on 7 October 2024. The Reimbursement Rules require a Payment Service Provider ('PSP'), such as HSBC, to reimburse APP scam victims in all but a number of limited circumstances.

However, for the Reimbursement Rules to apply in this case, Ms D's payment must meet the relevant definition of an APP scam, which is:

*“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”*

Mr H says that he spoke to the company who built his neighbour's wall and it advised that S didn't work for it. So, Mr H thinks S lied about working on his neighbour's wall and, as he was intending to pay his neighbour's builder, the recipient of his funds isn't who he intended to pay, and this was the result of dishonesty on behalf of S.

I haven't seen any evidence to confirm Mr H's allegation that S didn't work for the company that built his neighbour's wall. It's also possible that S wasn't a direct employee/worker for that company but had been sub-contracted to carry out work at Mr H's neighbour's property. I must also keep in mind how unlikely it is that a complete stranger would know where Mr H lived; that Mr H's neighbour had recently had a wall built; and knew Mr H had asked for a quote to replace his fences.

I can't say for certain if S had any affiliation to the work done at Mr H's neighbour's property or if he was the builder Mr H originally spoke to. So, I must consider what's more likely than not. And, given what S knew about Mr H when the quote was requested, I'm persuaded it's most likely that S was the builder Mr H had previously spoken to and that S had done work for Mr H's neighbour.

In any event, even if S didn't work for the building company that built Mr H's neighbour's wall, I'd still not be satisfied that Ms D was deceived into paying a recipient she hadn't intended to pay. S asked for the disputed payment to be made to N, and it was N's bank account details that were provided. So, regardless of who Mr H thought S and N were, the payment was made to the account of the intended recipient.

There are some common hallmarks to suggest that Mr H fell victim to an APP scam, such as:

- there was no contract or written agreement for what work would be done or how much the labour/materials would cost;
- Mr H asked for a receipt for the disputed payment, but never received one;
- S started the job and immediately asked for funds towards additional work that was needed;
- another builder replaced the fences (charging significantly less than S had quoted) and said the additional work S said was needed wasn't necessary;
- no value was added to Mr H's home, just the destruction of some of the fence panels;
- despite agreeing to continue with the job, S didn't return as promised;
- despite agreeing to return Mr H's funds, these haven't been repaid; and
- no materials have been received, despite the upfront payment supposedly being required to pay for these.

Mr H thinks this is a rogue trader scam and that S only returned to his property on 11 April 2025 with the intention of discovering additional work that needed to be done to elicit further funds and that there was never an intention to remove the old fences and replace them with new ones. And I accept that's a real possibility here.

However, S being a scammer isn't the only plausible explanation for what's happened here, and there are some elements to the situation that aren't typical of an APP scam. The beneficiary bank (the bank where Mr H's funds were sent to) has provided us with some information and evidence regarding N's account. This has been accepted by this service in confidence, but our rules do allow me to share a summary of what this information shows.

N's statements show transactions that are consistent with him being a genuine builder. There are multiple payments to builders' merchants, one of which is a trade only merchant. N also regularly received payments – which look like they could be wages – from more than one company involved in the building trade.

N has also received payments from other individuals, for amounts that are similar in value to the disputed payment in this case, which could be payments towards other jobs he was involved in. However, despite this, no other payments made within five years of the disputed payment or thereafter have been reported as fraudulent. If S was using N's account to scam Mr H, it seems unlikely that there wouldn't be any other victims reporting payments, which suggests other jobs were most likely completed.

I accept it's possible that S never intended to do the work or deliver the materials he was paid to provide. And it's possible that he only dismantled some of the fence panels to give the impression of doing some work and to elicit further funds as Mr H has alleged.

However, there could be other reasons why S didn't fulfil his obligations. He may have decided not to do the job because Mr H refused to pay for the additional work he said needed doing, which in his opinion was necessary to do a satisfactory job.

It's also possible that other circumstances prevented him from doing the work such as taking on too many jobs at once; falling into financial difficulty; or even a falling out between S and N. And, as Mr H's communications with S mostly took place face to face or on the phone, I don't think I can rule out that the job wasn't completed due to a disagreement between the parties. Unfortunately, I can't compel S (or N) to explain their side of the story and so I can't say for certain what's happen.

When I don't know for sure the reasons why something has happened, I have to make decision on the balance of probabilities – i.e., what explanation is most likely based on the evidence that's available. As I've set out above, I think S most likely did some work on Mr H's neighbour's wall. So, it seems he was involved in the building trade, which is supported by the transactions on N's bank statements.

Although there are common themes of a rogue trader scam involved here, I don't think there is enough to say that it is more likely than not that S worked for Mr H's neighbour but then set out to scam Mr H at the time the disputed payment was made. As a result, I'm not persuaded HSBC need to reimburse Mr H under the Reimbursement Rules, as I'm not satisfied the relevant definition of an APP scam has been met.

I have natural sympathy for Mr H. He's paid for goods and services that he hasn't received, and his funds haven't been returned to him. S's conduct here does cast some doubt as to their legitimacy within the building trade and their behaviour hasn't been professional. However, I'm not as persuaded as I'd need to be that S intended to scam Mr H at the time the disputed payment was made and so I can't say HSBC was wrong to refuse to reimburse Mr H's loss.

### **My final decision**

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D and Mr H to accept or reject my decision before 13 May 2026.

Liam Davies  
**Ombudsman**