

## **The complaint**

Mr F is unhappy HSBC UK Bank Plc trading as first direct won't reimburse him the money he send to a third-party for building works.

## **What happened**

The background to this complaint is well-known and is set out within the investigator's findings which was sent to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

In October 2023, Mr F and Mrs P entered into a contract with a builder – whom I'll refer to as A, to carry out a significant project on their home at a cost of £220,000. This was in keeping with other quotes they'd received. The contract set out a detailed description and timeline of the works to be completed as well as a payment schedule. Works began on the property with a series of payments made from Mr F's account totalling around £116,000 between the period of October 2023 and late March 2024.

By February 2024, Mr F and Mrs P had concerns about the progress of the project and confronted A regarding this. Attempts were made to remedy the present situation before there was a complete breakdown in the relationship. Mr F and Mrs P appointed other independent builders to survey their property and were advised of a number of issues with the project. Mr F and Mrs P were unhappy that they had paid for work that was never completed and that large amounts of the work carried out by A would need to be fixed.

Mr F raised a claim with first direct in July 2025 which was declined on the grounds that they considered this a civil dispute with the subsequent complaint rejected.

Mr F and Mrs P brough a complaint to this service. Whilst I understand the complaint itself has been brought by both Mr F and Mrs P, the account the disputed transactions were made from is solely in the name of Mr F. As such, the eligible complainant here is Mr F, therefore I will primarily refer to Mr F throughout this decision.

Our investigator didn't uphold the complaint. She said she didn't think it was unfair for first direct to reject their claim nor did she think there was any other reason why it should have refunded the money lost. Mr F didn't agree. In summary, he disagreed with the investigator's considerations of the claim and that the evidence submitted sufficiently demonstrated their case that they fallen victim to an Authorised Push Payment (APP) scam. Our investigator acknowledged that there were certainly some red flags regarding A, but maintained the evidence didn't demonstrate the intent of the recipient to defraud them from the outset.

As an informal agreement couldn't be reached, the case has since 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.

Having done so, I've come to the same outcome as the investigator for broadly the same reasons.

I'm mindful that Mr F has made detailed submissions to us about the complaint. I'd like to reassure him that I've considered everything that's been submitted carefully – including the detailed response and submissions following our investigators findings. But 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.

It's firstly important to explain that I don't have the power to decide any dispute between Mr F and Mrs P and A, or to interrogate the parties or consider their actions. I understand Mr F and Mrs P feel strongly that A deceived them into making payments for goods that were never purchased and services not provided. But I can't hold first direct responsible for any breach of contract or other failings on A's part.

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.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. But there are circumstances when it might be fair and reasonable for a firm to reimburse a customer even when they have authorised a payment.

first direct was a signatory of the Lending Standards Boards Contingent Reimbursement Model (the CRM code). Under the CRM Code, the starting principle was that a firm should reimburse a customer who was the victim of an APP scam, except in limited circumstances. But the CRM Code only applied if the definition of an APP scam, as set out in it, is met.

I have therefore considered whether Mr F'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) The Customer transferred funds to another person for what they believed were legitimate purposes but which were in fact fraudulent.”*

The CRM code also says it 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. So in order to determine whether first direct should refund the money Mr F lost under the CRM code, I need to consider whether they have been the victim of a scam – or, in other words, whether the builder set out from the beginning with the intent to defraud them.

Mr F explained that before agreeing the work with A, Mrs P put an advert for the building project on an online marketplace that connects customers looking for local services with traders. It was explained that they received multiple quotes which included a call from A offering a quote. It's said that they talked through the requirements and that A came across as very friendly and knew what he was talking about. Eventually, a contract was agreed

between Mr F, Mrs P and A which set out the value of the contract, as well as detail of the work that was to be done, the schedule of those works alongside the schedule of payments that would be due. There's no dispute here that works were carried out over a six-month period at Mr F and Mrs P's property with various aspects of the project in differing states – albeit I understand to a poor standard. Whereas I'd expect a scammer to try to get as much money as possible as soon as possible, and without having to do very much work – if any work at all. As our investigator has explained, poor workmanship doesn't necessarily demonstrate deliberate deceit.

I understand that some disputes arose regarding when some payments might be due and that A was asking for some payments ahead of schedule. Mr F and Mrs P at one stage also believed they were in credit with A and questioned why at that given stage in the project schedule any further payments were due. But there can be various reasons that might bring such circumstances to arise and I don't think it necessarily suggests A was trying to scam Mr F and Mrs P. What I've seen from the various interactions that took place is that there was a breakdown of the relationship between all parties which resulted in interactions becoming much more formal and leading to them primarily communicating through email with mention of legal advice being sought. Indeed, Mr F's own submissions make reference to a breaking down of the relationship with A and a dispute over who was responsible for project changes and delays. I note that Mr F and Mrs P understandably lay that responsibility with A. Numerous attempts were made to remedy the situation and to find a way forwards – which included a face-to-face meeting with A that was minuted. Mr F and Mrs P have also since tried to resolve matters through legal avenues with attempts made at trying to reach a financial settlement with A. This only further supports this is more likely a private civil dispute. The issues that have arisen – regarding the quality of the work and some aspects of the project yet to be carried out, are clearly stated as not being catered for by the CRM code.

We've also received information from the banks the money was sent to which show the activity on A's account at the time was similar to what I'd expect of a genuine tradesperson with payments to numerous builder's merchants among them as well as payments to subcontractors.

I appreciate how Mr F and Mrs P feel about this case and that their project has been left unfinished with remedial work advised that's required to rectify a number of issues regarding the work done by A. But, based on the evidence I have, I'm not persuaded that Mr F's payments were used for a different purpose that they were intended for between the parties or that fraudulent deception was involved. Therefore, I can't say Mr F has been the victim of an APP scam.

To be clear, I sympathise with the position Mr F and Mrs P find themselves regarding the building project. That said, it's evident Mr F and Mrs P have a dispute with A. I'm not saying they don't have a legitimate grievance against A. But I can only look at first direct's responsibilities here. This type of dispute isn't something that the CRM code covers or that first direct can be held responsible for.

Overall, and for the reasons I've set out above, I don't think first direct has treated Mr F unfairly when it made the decision not to reimburse him. I can't see any fair or reasonable grounds on which I could say that first direct should bear the responsibility of Mr F's loss, and I don't think it ought to have done more to assist Mr F 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 F to accept or reject my decision before 13 May 2026.

Mark O'Connor  
**Ombudsman**