

The complaint

Miss B is unhappy HSBC UK Bank Plc ('HSBC') won't reimburse her the money she lost to an authorised push payment ('APP') scam.

What happened

The details and facts of this complaint are well-known to both parties, so I don't need to repeat them at length here.

In summary, Miss B was contacted online through a social media app in 2022 by someone whom I'll call 'J'. As a result, a friendship formed. Between March 2023 and October 2024 J made multiple low value payments to Miss B totalling approximately £1,800 that Miss B says were small gifts to her.

Miss B has explained that J wanted a romantic relationship, but she didn't. J had said he would help to buy her a property. This didn't materialise and Miss B says she ended up blocking J. Miss B says that J messaged her again in December 2024 and was remorseful and said that he wanted to help her. So, Miss B says their friendship resumed with J advising that he would buy a flat which would be gifted to her.

As a result, Miss B made three faster payments to J in March, April and May 2025 totalling £6,065. Miss B says that J was purchasing a flat as a gift for her and the payments she had been asked to make to him were for some of the fees associated with the purchase.

Miss B says nothing materialised and she didn't receive her money back despite chasing J.

Miss B reported the matter to HSBC who ultimately declined reimbursing her as it considered what happened was a civil dispute between Miss B and J. Unhappy with HSBC's response, Miss B referred the matter to our service. Our Investigator looked into the complaint and didn't recommend the complaint be upheld. They didn't consider that there was sufficient evidence to demonstrate that Miss B had been the victim of an APP scam and it wasn't unfair, based on the evidence available, for HSBC to conclude the matter was a civil dispute.

Miss B disagreed and considered she was the victim of a scam, and she should be reimbursed under the Faster Payment Scheme – Reimbursement Rules ('Reimbursement Rules').

As an informal agreement could not be reached, the complaint was passed to me for a final decision.

I issued a provisional decision on 27 February 2026 as I was minded to reach a different outcome to that of our investigator and I considered the complaint should be upheld. When considering the available evidence as to what is likely to have happened, on balance, I was satisfied that the payments Miss B made were not for the purpose she intended and Miss B was deceived by J. I considered that it was more likely than not that J took advantage and deceived Miss B into making payments that weren't for the purpose she intended and were

for his own personal gain. So, I was satisfied that the payments Miss B made meet the definition of an APP scam under the Reimbursement Rules.

And when I considered the history of what happened and took into account the personal circumstances of Miss B, I was satisfied she was especially susceptible to harm, and those circumstances (which included her medical circumstances) affected her ability to protect herself from the scam. I was therefore satisfied Miss B met the Reimbursement Rules' definition of a vulnerable consumer and she should therefore be reimbursed in full for the faster payments she made to J totalling £6,065. And I didn't consider HSBC could apply the consumer standard of caution exception to reimbursement nor was it entitled to make any deduction to the reimbursed amount in respect of a claim excess.

HSBC didn't respond. Miss B responded accepting my provisional decision – but added that she considered she should receive some additional compensation as her complaint could have been resolved sooner, had the time been taken to understand her circumstances and her vulnerabilities acknowledged.

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.

As neither party has provided any further evidence or comments for me to consider in relation to the crux of the complaint – which is the payments Miss B made, I see no reason to depart from my provisional findings. And I will address Miss B's comments about additional compensation afterwards.

For completeness I will reiterate my provisional findings:

“The starting position in law is that Miss B will generally be considered liable for authorised payments. It's accepted that she authorised the payments in dispute and so she is liable for them in the first instance.

However, that's not the end of the story. A relevant consideration in this case is the Reimbursement Rules.

The Reimbursement Rules, which came into force on 7 October 2024 and apply to all UK-based Payment Service Providers (PSPs), put a requirement on firms to reimburse APP scam payments made via the Faster Payments Scheme or via CHAPS. However, the Reimbursement Rules don't apply to all faster payments. The rules have limits on what payments will be covered, and those limits are set out in the wording of the Reimbursement Rules.

The rules state:

“...It must have been made as part of an APP scam (whether to a recipient or for a purpose other than the payer intended);”

An APP scam is defined 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 also not covered by the Reimbursement Rules. The term private civil dispute is defined in the Reimbursement 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.”

Neither HSBC nor our Investigator were persuaded that what had happened to Miss B amounted to an APP scam as defined by the Reimbursement Rules.

Miss B strongly disagreed and considered J had manipulated her and deceived her about the purpose of the payments she made and he had scammed her.

So, as there is a disagreement as to whether the Reimbursement Rules are an applicable consideration, I first need to determine whether what happened to Miss B is likely as a result of an APP scam.

Looking at the Reimbursement Rules’ definition of an APP scam, Miss B paid who she intended to pay, so the only part of the definition of an APP scam that could apply relates to the purpose of the payments.

Miss B has explained that the payments she was making were for some associated fees that were to go towards the purchase of a property with J advising that he would ‘gift’ her the property. Then I need to consider the purpose the recipient (here that is J) had in mind, at the time of the payments, and whether this was broadly in line with what Miss B understood to be or whether J had a different purpose for receiving the payments and had deceived Miss B.

Miss B has struggled to provide evidence of all of her communications with J. But I consider, on balance, that the available evidence suggests that it is more likely than not that J obtained payments from Miss B for a different purpose than she intended.

Miss B has provided evidence of the communications she had with J from the outset in 2022. From looking at those communications – J was trying to enter into a relationship with Miss B and inundated her with romantic messages.

I note that Miss B received incoming credits from J over a period of time, fairly low value and fairly regularly – seemingly done in an attempt to build that relationship. Miss B says the payments were little gifts and she hadn’t reciprocated the romantic relationship and believed when they started messaging again that it was friendship, with J wanting to help her. But the history between Miss B and J doesn’t automatically mean the matter is a civil dispute. Nor does it mean that J didn’t intend to deceive Miss B about the payments she subsequently made to him in 2025.

Miss B, in response to the Investigator’s opinion, provided some additional documentation – a blank ‘Real Estate Purchase Agreement’. This ‘agreement’ was sent to Miss B by J, via email, on 25 March 2025 – so shortly prior to her making the first disputed payment to J. There is nothing within the document that indicates what property was being sold or who the sellers or buyers are. I think this was done by J with an intent to deceive Miss B into thinking that he was looking at purchasing a property. And I think this is important. This, for me, supports Miss B’s testimony that she believed J was going to purchase a property, taking care of the main cost and that she was required to cover some of the associated fees.

Some further evidence has also been provided by the beneficiary bank of where Miss B sent two of the payments to, which I'll call 'Bank N'. J also held an account with HSBC and HSBC has also provided some information about the receiving account. This information has been provided to our service in confidence and to enable our service to carry out its statutory function in assisting with determining this complaint. I can't share or disclose the information in detail, due to data protection laws, but I can share a broad summary of what I consider it shows. Having reviewed this information, I'm satisfied J was deceitful with his intentions and obtained funds from Miss B for a different purpose than Miss B believed.

Looking at the early messages between J and Miss B, J advised Miss B that he held his own construction business, but the wider evidence available doesn't suggest that. The reason I mention this is because the account statements provided by Bank N don't support the notion that J was in a financial position to purchase a property outright nor fund a deposit for a mortgage. J's account statements with HSBC also don't suggest the financial capability either. The receiving account statements for both Bank N and then subsequently HSBC also show that J was receiving weekly pay from a facilities management company. This doesn't suggest that J likely owned his own construction business at the time the payments were made, or at an earlier point in time either.

From reviewing the receiving account statements, they also show that J was using the funds he received from Miss B for everyday spending, and there wasn't any activity that suggests the funds were being sent on to a solicitor or property firm for example.

Bank N also received a report (shortly prior to Miss B's payment in March 2025) in relation to an account that it held in J's name which resulted in Bank N closing the account. While that account was closed, another account was being set up as part of a switch to Bank N. This meant Bank N wasn't aware of the second account, meaning it was unable to close it at the time it received the initial report (in March 2025).

It seems from the evidence available that J was providing mistruths to Miss B and was also seemingly acting fraudulently in mis-using his account with Bank N. And this indicates to me that J's intentions for obtaining funds from Miss B wasn't likely for genuine reasons either.

It seems likely that the funds J obtained from Miss B wasn't realistically for the purchase of a property, given the blank generic real estate agreement and lack of any real details – which, had it all been genuine, would have reasonably been forthcoming. It seems more likely that J had been taking advantage of Miss B and was obtaining her funds for his own personal gain.

I also think it is important that when the matter was reported to HSBC, and it contacted Bank N, J's account with Bank N was restricted. And at that time, the account with Bank N held some funds which included Miss B's. But as the matter was subsequently deemed a civil dispute by HSBC, Bank N subsequently unrestricted J's account in June 2025. But J didn't repay Miss B when he had given indications he would (seemingly done in an attempt to get his account with Bank N unrestricted) and despite her chasing J in June and July 2025. So again, I think this supports that Miss B was deceived about the purpose of the payments and that J never had an intent to return any money.

I also note that when Bank N reviewed the matter it considered that what had happened was the result of a scam, but HSBC deemed the matter to be a civil dispute. But HSBC's position that it was a civil dispute was based on the two parties knowing each other historically and that J had made payments to Miss B previously. Even if there had been genuine intentions from J at the start, that doesn't automatically mean that there was no subsequent intent to scam after the relationship resumed after it had previously broken down when Miss B blocked J. That doesn't, to my mind, fairly take into account what subsequently happened

here and what the payment purposes, in Miss B sending the money and J in receiving the money, were for and whether those purposes were aligned between the parties.

Overall, when considering the available evidence as to what is likely to have happened here, on balance, I'm satisfied that the payments Miss B made were not for the purpose she intended and Miss B was deceived by J. It seems more likely than not that J took advantage and deceived Miss B into making payments that weren't for the purpose she intended and were for his own personal gain.

So, I'm satisfied that the payments Miss B made meet the definition of an APP scam under the Reimbursement Rules.

Should Miss B be reimbursed under the Reimbursement Rules?

The Reimbursement Rules require PSPs to reimburse most APP scam losses, subject to some exceptions and limitations.

Importantly, whenever a sending PSP considers an APP scam claim under the Reimbursement Rules, a consideration needs to be given as to whether the consumer is, or was, vulnerable. If a consumer is, or was, vulnerable, and where the vulnerability meets the definition in the rules, this will affect the ability of the PSP to apply some of the limits and exceptions to that consumer's scam claim.

Specifically, it means the PSP may not apply:

- the consumer standard of caution exception to reimbursement.*
- any deduction to the reimbursed amount in respect of a claim excess.*

In short, where a consumer meets the definition of a vulnerable consumer, they are entitled to be reimbursed their scam loss by their PSP (up to the applicable award limit).

The Reimbursement Rules adopt the same approach to the assessment and definition of vulnerability as set out by the Financial Conduct Authority ('FCA') in its 'Guidance for firms on the fair treatment of vulnerable customers'.

That guidance defines a vulnerable consumer as:

"...someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm is not acting with appropriate levels of care."

For the Reimbursement Rules' vulnerability provisions to apply, they require that the consumer's vulnerability had a material impact on their ability to protect themselves from the scam.

Miss B has been open and honest about her personal circumstances. Miss B says she has ADHD, autism, and suspected borderline personality disorder. Miss B says these conditions affect her judgment, cause difficulties with trust and emotional regulation, and she says she is particularly vulnerable to manipulation, coercion, and emotional pressure as a result. Miss B has explained that she struggles with boundaries and can become overly trusting, especially when someone is persuasive and appears supportive. Miss B says she acted in good faith based on the trust J had built, and her ability to identify red flags or walk away from the situation was seriously impaired by her condition(s). She also says she had made J aware of her mental health, and he took advantage of her.

Considering Miss B's circumstances, of which I have no reason to doubt, I think she meets the relevant definition of vulnerability under the Reimbursement Rules, and due to her personal circumstances was highly susceptible to financial harm – and was also less able to protect herself against what happened. J heavily bombarded Miss B with messages early on and inundated her to try to instigate a romance, declaring his love and sending low value payments to her over a period of time. When Miss B didn't reciprocate the romantic nature of the relationship, she was led to believe that a friendship remained and that J was supportive and trying to help her and that he had the capacity to do so. I think J's actions, coupled with Miss B's mental health, led her into a false sense of security and mis-led her into believing that J's intentions were genuine.

When I consider the history of what happened and take into account the personal circumstances of Miss B, I'm satisfied she was especially susceptible to harm, and those circumstances (which includes her medical circumstances) affected her ability to protect herself from the scam. I'm therefore satisfied Miss B meets the Reimbursement Rules' definition of a vulnerable consumer.

It therefore follows that under the Reimbursement Rules I consider Miss B should be reimbursed in full for the faster payments she made to J totalling £6,065. And HSBC cannot apply the consumer standard of caution exception to reimbursement nor is it entitled to make any deduction to the reimbursed amount in respect of a claim excess.

In considering the redress due, I have taken into account that Miss B received low value payments from J over a period of 18 months prior to disputed payments Miss B made. But those payments she received by J were seemingly gifts to Miss B, done in an attempt to instigate a romantic relationship. Given the reasons those funds were sent to Miss B and given they were sent to her in 2023 and 2024 and that she spent those funds prior to her sending J payments in 2025 as part of the scam, I don't consider they should be deducted from the amount I intend to direct HSBC to pay Miss B.

Putting things right

For the reasons given above, I intend on upholding this complaint, and intend to direct HSBC UK Bank Plc to:

- *Reimburse Miss B £6,065 and;*
- *Pay 8% interest on this amount, from the date the HSBC UK Bank Plc ought to have reimbursed the payments until the date of settlement."*

Turning to Miss B's comments that she should be awarded additional compensation. I understand that it can be a frustrating process when raising a scam claim. But ultimately HSBC considered her claim, and it didn't think that what had happened amounted to a scam – and was likely a civil dispute between her and J. This was not a wholly unreasonable position for it to take. And HSBC is entitled to provide its answer to the complaint. As it didn't consider a scam had taken place – it didn't consider the payments were covered by the Reimbursement Rules and therefore didn't go on to consider whether Miss B was vulnerable. Miss B disagreed and referred her complaint to our service. And ultimately, while I was minded to conclude that a scam had taken place and that Miss B should be reimbursed, I don't find that means HSBC acted unfairly in reaching the initial outcome it did. So, I don't consider any additional compensation is due here.

My final decision

For the reasons given above and within my provisional decision, I uphold this complaint. I direct HSBC UK Bank Plc to reimburse Miss B as I have set out within my provisional decision (and which has been reiterated above).

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 13 April 2026.

Matthew Horner
Ombudsman