

The complaint

Mr C complains that HSBC UK Bank Plc ('HSBC') won't refund the money he believes he lost to an authorised push payment ('APP') scam.

What happened

In April 2025, Mr C and his partner instructed a business, which I'll refer to as 'Company A', to carry out some renovation works at the property they were purchasing. Initially, Mr C agreed to pay £18,350 (in instalments) for a garage conversion. However, the scope of the renovation increased, and Mr C agreed to make payments for other goods and services.

Between 8 May and 4 June 2025, Mr C made six payments to Company A, totalling £40,270. Mr C has advised the payments were as follows:

- 8 May 2025 – £7,340 – 40% deposit for the garage conversion;
- 13 May 2025 – £6,900 – new carpets and flooring to be laid;
- 24 May 2025 – £3,125 – new door and windows to be constructed and installed;
- 29 May 2025 – £3,000 – second instalment for the garage conversion;
- 30 May 2025 – £7,965 – roof repair costs (including providing scaffolding) and master bathroom remedial works; and
- 4 June 2025 – £11,940 – new kitchen (materials only).

Company A did attend Mr C's property and carried out some gutting works. It also made openings for three windows and a door in the garage. However, Mr C became concerned by the lack of progress and Company A's failures to provide documents, such as a contract or evidence of materials being ordered.

Mr C started to worry that he'd been the victim of a scam. So, he spoke to HSBC on 11 June 2025 and asked for some advice. HSBC said that because Company A had begun working on Mr C's property, it considered the situation to be a civil dispute between Mr C and Company A rather than a scam. And, as Mr C had authorised the payments to Company A, HSBC considered there was nothing it could do to help.

On 12 June 2025 an independent structural engineer (instructed by Mr C) visited Mr C's property. The engineer confirmed some of the proposed alteration works required inspection and approval from the relevant local authority under building regulations, contrary to what Company A had told Mr C. The engineer also raised serious concerns that the openings in the garage weren't compliant with the relevant building regulations, required professional design input (which hadn't been obtained), and had left Mr C's property structurally unsafe. So, on 13 June 2025, Mr C sought to terminate his agreement with Company A and requested a partial refund of £35,270.

Mr C didn't receive a refund from Company A and none of the materials Mr C paid for have been delivered to him. Believing he'd been the victim of a scam, Mr C made a complaint to HSBC and asked for a refund. HSBC reiterated its decision that the situation was a civil dispute meaning HSBC wasn't responsible for refunding Mr C's loss.

Unhappy with HSBC's response, Mr C referred his complaint to this service. Our Investigator considered the complaint but didn't uphold it. In summary, whilst they accepted Mr C hadn't received the materials he paid for and the work done was unsafe, they didn't think there was sufficient evidence to conclude that Company A intended to scam Mr C at the time of the payments.

Mr C didn't accept our Investigator's opinion. He said:

- a senior representative of the police said the situation was criminal and not civil and were starting an investigation into Company A;
- other customers of Company A have reported similar circumstances;
- no meaningful work was carried out by Company A after a few days gutting the property;
- some of the work Company A said was needed has been confirmed as unnecessary by other builders;
- Company A had misrepresented that some of the renovations didn't need building regulations approval, which isn't the case;
- he believes Company A's director used his funds for personal expenditure, rather than ordering/purchasing the materials Mr C's payment were intended to fund;
- Company A was incapable of doing the work;
- he received "a return to sender" response to a statutory demand sent to Company A, which claimed Company A wasn't known at the address (despite the letter having been sent to Company A's registered address on the Companies House website);
- Company A doesn't appear to have continued trading, false photos were used on its website, accounts haven't been filed with Companies House; and
- Company A has received a notice of compulsory strike-off.

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 C 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 Mr C made the disputed payments. So, the presumption is that HSBC isn't responsible for the loss these caused. However, that's not the end of the story.

I'm very aware that there is an active police investigation into Company A. There may be circumstances and cases where it's appropriate to wait for the outcome of external investigations. But that isn't necessarily so in every case, as it may be possible to reach conclusions on the main issues on the basis of evidence already available. And it may be that the investigations or proceedings aren't looking at quite the same issues or doing so in the most helpful way.

In order to determine Mr C's complaint, I have to ask myself whether, on the balance of probabilities, the available evidence indicates that it's more likely than not that Mr C's loss resulted from a scam rather than another possible explanation for what's happened. But I wouldn't proceed to that determination if I consider fairness to the parties demands that I delay doing so.

I'm aware that Mr C first raised this situation with HSBC in June 2025 and I need to bear in mind that this service exists for the purpose of resolving complaints quickly and with minimum formality. With that in mind, I don't think delaying giving Mr C an answer for an unspecified length of time would be appropriate unless truly justified. And, as a general rule, I'd not be inclined to think it fair to the parties to a complaint to put off my decision unless, bearing in mind the evidence already available to me, a postponement is likely to help significantly when it comes to deciding the issues.

For the reasons I'll discuss further below, I don't think it's necessary to wait for the outcome of the police investigation for me to fairly reach a decision on whether HSBC *should've* reimbursed Mr C's loss. I'm satisfied that there is sufficient evidence currently available to determine this complaint.

The Faster Payment Scheme Reimbursement Rules ('Reimbursement Rules') came into force on 7 October 2024. These 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 to a claim, a 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"*

It's not in dispute that Mr C wanted to pay Company A, and that is who received his funds. As a result, I'm satisfied that the recipient of Mr C's funds (i.e., Company A) was who he intended to pay. So, I've gone on to consider whether the payments were received by Company A for the same purpose that Mr C intended.

Mr C's circumstances do share some common hallmarks of a rogue trader scam. After work began at Mr C's home, he was asked several times to make payments for materials that needed to be ordered, and those materials haven't been delivered. Mr C has also spoken to at least three suppliers who've been unable to confirm that Company A placed the respective orders with them.

Company A also told Mr C, after work started, that multiple issues with Mr C's home had been identified which needed to be rectified at additional cost. Mr C says other builders have said the remedial works Company A claimed were necessary were, in fact, unnecessary.

A structural engineer has confirmed that some of the work Company A carried out (making openings for a doorway and three windows in the garage) was unsafe, completed without the necessary approvals and had compromised the structural integrity of Mr C's home. Company A told Mr C that the proposed work could be completed without input from Building Regulations, but the engineer has confirmed that isn't correct.

Mr C has also found, via social media, other alleged clients of Company A who were dissatisfied. For example, claims were made that Company A had overcharged an elderly lady, failed to complete other jobs it was paid to do and provided poor workmanship. However, many of these reviews are anonymous, and the circumstances behind those reviews are unknown and unclear.

Mr C also believes that pictures Company A shared with Mr C and on its website (prior to it being taken down) were of work that Company A hadn't completed. Mr C believes this demonstrates misrepresentation with an intent to deceive.

Mr C says that since he terminated his agreement with Company A, it doesn't appear to have continued trading, accounts haven't been filed with Companies House, and it has received notice for compulsory strike-off. Also, Mr C has received a letter which could suggest Company A may have used a false address when it was incorporated and registered with Companies House.

Mr C thinks there is sufficient evidence to say that he has been the victim of a scam. He believes Company A took money for materials it didn't order and that he was asked to pay for unnecessary work that Company A had no intention of completing. And I accept that's a real possibility here.

However, Company A being a scam isn't the only plausible explanation for what's happened, and there are some elements to the situation that aren't typical of an APP scam. The beneficiary bank (the bank where Mr C's funds were sent to) has provided us with some information and evidence regarding Company A'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.

Company A's statements show transactions that are consistent with it being a genuine building company. There are multiple payments to builders' merchants between May and June 2025, totalling over £10,500. There are payments that appear to be wages or reimbursing the costs of building materials during that same period. These payments total over £12,000.

Company A also received payments, which appear to be for other jobs Company A took on, which haven't been reported to the beneficiary bank as being made because of a scam. If Company A was a scam, it seems unlikely that other payments into the account wouldn't have been reported as fraud. And those funds, along with Mr C's funds, weren't immediately removed from the account, which I'd typically expect a scammer to do.

I accept that Company A's statements show funds being used for personal expenditure by its director, which I wouldn't expect to see from a well-run business. There are lots of cash withdrawals too – but that doesn't necessarily mean those funds haven't been used for business purposes. That could be another way Company A was paying for materials or labour/wage costs. Unfortunately, I have no way of knowing for certain and I can't compel Company A's director to explain themselves.

I note that Company A had positive reviews online and that Mr C spoke to two individuals who claimed to be previous customers of Company A who gave positive feedback. I accept it's possible those reviews weren't real. But it's also possible those reviews are genuine – I can't say either is more likely than the other based on the available evidence.

However, Mr C has said that he also asked about Company A at a local builders' merchant and was provided with a positive review. Mr C hasn't said that it was Company A who suggested he take this action, so it seems unlikely that this would've been an illegitimate review, planted by Company A.

It's possible that Company A has purchased materials and started making items away from Mr C's home – for example the windows and kitchen island Mr C ordered. However, it's possible that Company A simply took the money and its director used these funds for his personal gain. The funds might also have been used to continue other jobs that Company A was also working on at the time but struggling to complete. I can't know for sure which is the correct answer here.

Mr C told Company A to stop work at his home and requested a refund of most of the funds he'd given to Company A. After this, Mr C noted that some work had continued at his home. I find it odd that a scammer would continue working when they'd been told not to, as there would be no further benefit to them in doing so. That could suggest that Company A was attempting to rectify mistakes made in the hope the relationship could be salvaged. It could've also been Company A attempting to cover up errors that it had made either intentionally or unintentionally. Again, I don't know what Company A's intentions were in taking this action.

I appreciate Company A agreed to reimburse some of Mr C's funds and this never happened. It's possible that this was because Company A wasn't financially able to follow through with this promise. It's also possible that, given the agreement had been terminated by Mr C, Company A decided there was nothing to be gained by returning the funds and so decided against doing this. Whilst I don't condone that behaviour, that's not sufficient to say Company A was intending to scam Mr C at the time the payments were made and that there was never an intention to supply the goods and services that were paid for.

I appreciate a senior representative of the police has said they don't agree Mr C's dispute with Company A is a civil matter and they consider the circumstances to be criminal in nature. It's unclear what evidence has been relied upon when that conclusion was made. The police may have access to information that hasn't been shared with this service. Or the comments could've been made simply after reading Mr C's testimony.

Specific allegations about Company A's conduct haven't been disclosed by the police. And I'm mindful that not all fraudulent behaviour will satisfy the Reimbursement Rules definition of a scam. For example, carrying out work without the appropriate qualifications could be fraudulent misrepresentation, but that wouldn't necessarily mean a scam has taken place if there was a genuine intention to do the work. For the avoidance of doubt, I wouldn't condone the actions of a trader who did this either.

It's possible that Company A took money from Mr C with no intention of providing the goods and services he was paying for. And I accept it's possible that Company A did intend to scam Mr C at the time the payments were made.

It's also possible that Company A had every intention to do the agreed works and provide the materials that Mr C paid for but lacked the skills/resources to do the work to an appropriate standard and/or the company was being financially mismanaged (using Mr C's funds to complete other projects before progressing his own for example).

To uphold Mr C's complaint, I'd need to be persuaded by the evidence that it is more likely, not just equally as likely, that Company A had no intention of completing the work, rather than it being a poorly run business. Whilst I appreciate Mr C's concerns about how Company A was operating; I'm not persuaded it is more likely than not that it was a scam.

The outcome of the police investigation may provide new evidence which demonstrates Company A did, more likely than not, intend to scam Mr C. But, based on the evidence that's available at the moment, I'm not persuaded that explanation is more likely than the other plausible explanations. As a result, I'm not of the opinion that it was unfair or incorrect for HSBC to decline to reimburse Mr C under the Reimbursement Rules when his claim was made, as I'm not persuaded the relevant definition of an APP scam, as set out in the Reimbursement Rules, has been met.

I have natural sympathy for Mr C. He's paid for goods and services that he hasn't received, and his funds haven't been returned to him. Company A's conduct here does cast some doubt as to their legitimacy within the building trade and its behaviour hasn't been professional. However, I'm not as persuaded as I'd need to be that Company A more likely than not intended to scam Mr C at the time the disputed payments were made and so I can't say HSBC was wrong to refuse to reimburse Mr C'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 Mr C to accept or reject my decision before 14 May 2026.

Liam Davies
Ombudsman