

The complaint

Mr and Mrs S complain that Handelsbanken plc won't refund the money they lost as a result of an Authorised Push Payment ('APP') scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In February 2024, Mr and Mrs S were looking to purchase a car and found an apparently suitable one on a well-known e-commerce website. The car was being sold for £4,580.

Mr S, interested in the vehicle, contacted the seller and subsequently received an email from a sales executive that seemingly worked for a company which I'll call 'Company C'. The sales executive provided Mr S with some basic details of the car and advised if Mr S was interested then further details will be provided. Mr S responded and was then provided with information that the vehicle was located in Northern Ireland and that the transaction would be done through Company C who would handle the delivery and the payment. The delivery was also included in the price. And the agreement included a 10-day money back guarantee if Mr S was unhappy.

Mr S says he carried out some checks on the car and nothing worrying came back. Mr and Mrs S also carried out a check on Companies House and saw Company C existed. Mr and Mrs S then proceeded to purchase the car with Mr S completing a digital sales contract with Company C on 20 February 2024. Having signed the sales contract, Mr and Mrs S were then provided with details of where to make the payment to. The payment was to be made to a company which I'll call 'Company G'. And the sales contract stipulated this was an escrow account that was either owned by the seller/agent or was a subsidiary of the seller/agent.

On 21 February 2024, Mr and Mrs S made a payment of £4,580 from their deposit account with Handelsbanken.

Prior to making the payment Mr S spoke with an adviser at Handelsbanken to advise that he and Mrs S were intending to make a payment in the next day or so and that it was for the purchase of a car. The adviser provided Mr S with information around ensuring he had the right account details and to ensure he had obtained them in person – highlighting that emails and invoices can be intercepted and account details changed by scammers.

Mr and Mrs S proceeded to make the payment, and it was stopped by Handelsbanken for a fraud check. An advisor spoke with Mrs S about the payment, and it was subsequently released.

Ultimately the car never arrived, and Mr and Mrs S realised they had been the victim of a scam.

Mr and Mrs S reported the matter to Handelsbanken. It tried to recover their money from the beneficiary bank (the bank to which the money was sent), but unfortunately it received a response advising no funds remained. Handelsbanken also considered it wasn't liable to refund the loss as it had carried out the authorised payment instruction.

Unhappy with Handelsbanken's response, Mr and Mrs S brought their complaint to this service and one of our Investigator's looked into things. Our Investigator thought the complaint should be upheld, in part. In summary, he thought Handelsbanken's intervention wasn't sufficient, and it could have done more to prevent the loss. So, our Investigator thought Handelsbanken was, at least in part, responsible for the loss Mr and Mrs S had suffered.

But our Investigator also considered that Mr and Mrs S should share some responsibility for the loss also. He considered there were some warning signs that Mr and Mrs S reasonably ought to have picked up on and that things might not be as they seem. The Investigator thought the price of the car, including delivery, was too good to be true. He also didn't consider there was anything substantial to confirm that Company C had the car in its possession. And the Investigator felt it ought to have been concerning to Mr and Mrs S that the purchase had to continue outside of the e-commerce platform. And Mr and Mrs S had to also pay another company – Company G, which didn't appear to have an online presence and didn't appear to be linked to Company C in any way.

So, our Investigator thought both parties should share some responsibility for the loss. He considered Handelsbanken should refund 50% of Mr and Mrs S's loss, along with 8% simple interest on that amount from the date of the payment until the date of settlement.

Mr and Mrs S accepted the outcome the Investigator had reached, but Mr S also wanted it known that he had done the checks he could, and considered cars can be purchased for less than the going rate for a variety of reasons.

Handelsbanken didn't accept the Investigator's findings. In short, it considered the calls it had with Mr and Mrs S were handled well. It considered it highlighted the risks of making payments and it ensured Mr S was confident the recipient was genuine. It also advised that when the payment was paused for a further fraud check, Mrs S was asked if she was confident the payment was genuine and if she was happy with it and Mrs S advised she was.

Handelsbanken also considered an assumption has been made within the Investigator's view that Mr and Mrs S may not have approved the payment had additional questions been asked. And it feels this assumption is without sufficient basis and is based with the benefit of hindsight as it considers that at no point during the calls did Mr and Mrs S raise any concerns about the recipient's authenticity, as they were confident in their own research.

As agreement couldn't be reached the complaint has been passed to me for a final decision.

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 uphold this complaint in part. I'm satisfied Handelsbanken could have done more to prevent Mr and Mrs S's loss through better intervention, but I also consider Mr and Mrs S should share some responsibility for the loss also. So, I consider Handelsbanken should refund Mr and Mrs S 50% of their loss and pay additional compensation at 8% simple interest on that amount from the date of payment until date of settlement. I'll explain my reasons why.

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.

It is the case that Mr and Mrs S authorised the payment in dispute and that's accepted by all parties. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr and Mrs S are responsible for it. That remains the case even though they were the unfortunate victim of a scam.

However, taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Handelsbanken should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Taking the above into consideration, in this case, I need to decide whether Handelsbanken acted fairly and reasonably in its dealings with Mr and Mrs S when they made the payment or whether it should have done more than it did.

Did Handelsbanken act fairly and reasonably in this case?

As I've explained, I consider that, as a matter of good practice, Handelsbanken should have been on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk. On spotting such a payment, I'd expect it to intervene in a manner proportionate to the risk identified.

Handelsbanken considers its intervention was appropriate, and that the Investigator's view that Mr and Mrs S may not have approved the payment had additional questions been asked was assumptive and without sufficient basis and is based with the benefit of hindsight. I disagree. Here, there were two occasions where Mr and Mrs S spoke with Handelsbanken about the payment and its intended purpose. The first was when Mr S called in to advise he was intending to make a payment, and then the second was after the payment had been made, and it was held for a fraud check and Mrs S spoke to an adviser about the payment.

So, Handelsbanken had two opportunities to explore the payment purpose and identify the potential risks that Mr and Mrs S might be exposed to. Upon identifying a potential risk, it then ought to have highlighted the common features of the potential scam they may be at risk of, and this is to ensure and satisfy itself that they weren't at risk of financial harm from fraud.

Having listened to the calls, while I appreciate Handelsbanken were trying to provide a good service, with it initially and correctly asking Mr S about the payment and providing some scam advice, it didn't go far enough. Mr S was clear that the payment was for the purchase of a car. So, Handelsbanken ought to have been on notice that Mr S could be the victim of a car purchase scam and explored that scenario first. And then, if satisfied that the payment was for legitimate purposes and / or was with a legitimate seller, it could ensure that he wasn't at risk from an email / invoice intercept scam. Sadly, Handelsbanken focused solely on email / invoice intercept scams. So, it missed an opportunity here. Its intervention wasn't sufficient or tailored accordingly, and had it been, I think it would have made a difference.

To my mind, Handelsbanken ought to have been alive to, and fully aware of, car purchase scams and the common features of those scams. Handelsbanken ought to have explored the possibility that Mr and Mrs S were potentially at risk from this type of scam given that was the payment's intended purpose. It ought to have asked probing questions about the purchase and explored how and where they had found the car, the price of the car and the company or dealer that was selling it. Mr and Mrs S were open and honest, and I don't think they would have minded Handelsbanken making sure they weren't at risk of financial harm and would have been grateful for any scam advice, warnings or education about car purchase scams. They were the lay people here and Handelsbanken have considerably more knowledge and experience when it comes to potential scams or financial harm from fraud. I think had Handelsbanken had a better conversation around car purchase scams and sought to ask some questions of Mr and Mrs S about things, then it would have very quickly become apparent that there were features here that were strongly indicative of them being potential victims of a scam.

Had Handelsbanken asked some questions, it would have reasonably uncovered that Mr S had found the car on an e-commerce website initially and then had been directed outside of that platform to liaise directly with the seller (Company C) who were based in Northern Ireland. The location of the car meant the arrangement was for Company C to transport it over to Mr and Mrs S and there was a 10-day money back guarantee if they were unhappy. These are common features of car purchase scams, and it ought to have put Handelsbanken on notice that Mr and Mrs S may potentially be falling victim to a scam. Being on notice, it ought to have then probed further. And in doing so it ought to have set out the key features of car purchase scams and that what Mr and Mrs S was telling them was strongly indicative of it being a scam.

Handelsbanken ought to have explored the price of the car further and whether this was too good to be true – as this is a key feature of a car purchase scam and is a way for fraudsters to draw victims in under the guise they are getting a good deal. Handelsbanken could have asked what the going price for similar make and model cars were being sold at – and it would have realised there was a big discrepancy in the price here. So, another red flag that all may not be as it seems. The price was alarmingly below value and had Handelsbanken asked why the car was priced so low (such as whether it was due to it being a Category S, N or D for example) then Mr and Mrs S would have advised that the price was low as it had been bought by Company C at an auction. That to my mind ought to have given Handelsbanken considerable cause for concern as a car, seemingly with nothing wrong with it, was being sold for around 65% less than its going rate.

It should have also been highlighted to Mr and Mrs S that another key feature in car purchase scams is that the car is usually located too far away, as was the case here, which means potential buyers (victims) can't go and physically check to see if the car exists and whether it is in fact owned by those claiming to own it and claiming to have the right to sell it.

I don't think Mr and Mrs S would have proceeded in light of this. I think it fair to say that they would have been concerned, as the common features – that ought to have been highlighted to them – bore lots of similarities to what they were experiencing. And I don't think it unreasonable to say that Mr and Mrs S would have paused and carried out some further checks if it had been pointed out to them that they were very likely in the process of being scammed.

While Mr S has advised he carried out some checks such as on the car itself, Handelsbanken ought to have been aware that in these types of scams, fraudsters use genuine cars that have been advertised – simply taking the photos and creating another advert and lowering the price. So, a basic vehicle check is unlikely to uncover anything for a consumer.

Given some of the warning signs that were apparent, Handelsbanken ought to have advised Mr and Mrs S they were very likely falling victim to a scam and that they needed to approach the purchase with more than a considerable degree of caution. It ought to have led to Handelsbanken advising Mr and Mrs S that it had considerable concerns and for them to carry out some further research to ensure the legitimacy of the seller also. While Company C, upon a cursory glance, is on Companies House, looking at the records in slightly more detail shows the nature of the business is stated as 'freight transport by road' and it has 'haulage' in the company name, so doesn't suggest a company that typically buys and sells cars or is a car dealership. There is also little to no activity showing on Companies House, with the majority of Company C's filing history showing as 'accounts for dormant company'. So, there were further warning signs that things might not be as it seems with Company C. And from carrying out some open research there isn't too much you can find in the way of Company C online – so again another concerning feature. I think had Handelsbanken advised Mr and Mrs S to carry out some further research into the seller, given the risk, this would – on the balance of probabilities – have been uncovered by Mr and Mrs S.

When Mrs S was talking to the advisor who carried out the fraud check on the held payment, she had to confirm the payee's name, which she did, advising the payee's name was Company G, and not Company C. Had better questioning happened around the payment purpose, as I consider should have happened, then Handelsbanken would have been on notice that the seller was different to the payee's name provided. This is another indicator that things weren't possibly quite right. While Company G was seemingly a logistics company – and to Mr and Mrs S that might make sense, as the car they thought they were purchasing was due to be delivered, Handelsbanken ought to have been concerned that Mr and Mrs S weren't paying Company C itself. Given the discrepancy it could have advised to check Company G out also. I note from looking at Companies House, Company G had one director and had only recently been set up and seemingly it bears no affiliation with Company C – which is in contradiction to the sales agreement Mr S signed.

In short, Handelsbanken ought to have sought out the payment purpose, which in this case was for the purchase of a car, and then sought to ensure Mr and Mrs S weren't at risk of falling victim to a car purchase scam. It ought to have done this by asking open ended and probing questions and highlighting the key features of these scams. So, I think had Handelsbanken pointed out some of the hallmarks of this type of scam and that it was more likely than not a scam and explained what checks Mr and Mrs S could take to verify things, the loss could have been prevented.

Should Mr and Mrs S bear some responsibility for the loss?

In reaching my conclusions about what is fair and reasonable in this case, I have also considered whether Mr and Mrs S should bear some responsibility for their losses also. In the circumstances of this case, I think they should, and I'll explain why.

Mr and Mrs S, in the main, agreed with our Investigator and accepted shared liability between the parties. So, I won't go into too much detail here. But Mr S felt he had carried out some checks and while the price of the car was a bargain, he didn't consider it was too good to be true. I disagree.

I appreciate Mr S has previously purchased some cars and vehicles for a good price and has cited some examples where he got 20 or 30% off, through them being either Category S and N, repossessions or were sold at police auctions. I do accept cars can be purchased for less than the going rate and there are reasons cars can be sold for less than market value.

But I am mindful here that the car was being listed as being sold for a low value purely for the reason it was bought at auction.

Mr S received an email which stated:

"...The car is in excellent condition, drives as it should, 39,790 miles, 2 keys, V5C, and all handbooks. Brakes good, no unusual noises. Interior is unmarked, non-smoker. Alloys perfect, all 4 tyres with deep tread.

The car is HPI Clear, never been involved in any accidents and free of any finance or loan.

Full documented history is present (FSH).

We acquired this vehicle from an auction, this is why the lower price."

And I note the sales contract stated:

"...The vehicle is not stolen and has not been stolen in the past. There is no outstanding finance or residual of any kind. The vehicle has not been used as a rental vehicle.

There are no deliberately hidden faults on this vehicle. At no stage has the vehicle been an insurance write-off in any category A, B, S or N nor has the vehicle been scrapped."

So, by all accounts the car was in extremely good condition, wasn't stolen, had no outstanding finance, hadn't been a rental car, had no hidden faults and had never been in an insurance write off. But the car was being sold for £4,580 (including delivery). The price of the vehicle here, wasn't just a little lower than Mr S might have found elsewhere, it was approximately 35% of the going market value.

Comparable equivalents – so the same make and model vehicle with the same specifications and approximate mileage were listed at around £13,000 to £14,000 at the time Mr and Mrs S were looking. And the trade in value was around £10,500.

Overall, I question why anyone, so a legitimate car dealership (presumably in business to make a profit) or even a private seller, would sell at such an extremely discounted price when the same make and model vehicles were selling for considerably more on the market.

I think the price ought reasonably to have been a concerning feature to Mr and Mrs S. And to an extent that they needed to approach the purchase with considerably more caution to ensure that a) the vehicle actually existed – by seeing it in person or carrying out a real time video call; and b) that they were dealing with a legitimate seller – by conducting some wider online research into the supposed companies involved.

So, on the particular facts of this individual case, I consider it fair to reduce the compensation payable to Mr and Mrs S. And I think it fair that both parties share the responsibility for the loss equally.

Recovery of the funds

For completeness, I have also looked to see whether Handelsbanken did all it could to recover Mr and Mrs S's funds once notified of the scam. What it could do here was limited, in that it could only act quickly in contacting the beneficiary bank to see if any funds remained. I am satisfied that Handelsbanken took the necessary steps required of it in seeking to try and recover any funds, once notified of the scam and did so in a timely manner. Unfortunately, it received a response that no funds remained that could be returned to Mr and Mrs S. Sadly, such is the nature of these scams where victims are awaiting the delivery of a vehicle before realising they have been scammed and reporting it, means fraudsters have had time in which to move the funds on prior to the beneficiary bank receiving any fraud report.

Summary

Overall, I consider Handelsbanken could have done more to prevent Mr and Mrs S from the risk of financial harm. It ought to have asked better questions around the purpose of the payment and provided a better tailored intervention around car purchase scams and advised what checks they could make to ensure they weren't falling victim to a scam.

Had it done so, I'm persuaded it is more likely than not that the scam would have come to light, and Mr and Mrs S's losses could have been prevented.

But I also find that Mr and Mrs S should share responsibility for the loss also as there were concerning features that they ought to reasonably have identified and acted upon.

Putting things right

For the reasons I've explained, I uphold this complaint, in part. Handelsbanken plc should pay Mr and Mrs S:

- £2,290 (that being 50% of the money lost to the scam) and;
- Pay interest on that amount at 8% simple per annum from the date of the payment until the date of settlement.

My final decision

For the reasons I've explained above, I uphold this complaint, in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs S to accept or reject my decision before 1 August 2025.

Matthew Horner
Ombudsman

