

The complaint

Mr S complains that Bank of Scotland plc, trading as Halifax, didn't do enough to protect him when he fell victim to a scam when buying a car and didn't deal properly with his fraud claim.

What happened

Mr S bought a car via two Faster Payments from his Halifax account for £2,000 in August 2024, and a part exchange. He said the car was faulty and couldn't be driven safely and he feels it was a fraudulent sale. Mr S said he was misled that the car was under warranty and tried to contact the company directly but couldn't come to a resolution with them.

To make the transaction Mr S went to a branch of Halifax as he was apprehensive about the purchase and wanted to be assured it was a legitimate dealer. Halifax couldn't advise Mr S whether to make the payment or not, but confirmed the bank details provided by the dealer were legitimate and the account was set up for business purposes.

Mr S experienced problems with the car and made a fraud claim to Halifax and said the ideal outcome would be a refund of £1,200 so the car can be brought to a safe driving standard. Mr S was then paid a full refund of £2,000 from the car provider.

Halifax responded that its fraud team felt this to be a civil dispute because payment was sent to a business and Mr S received the car and although there were issues it didn't feel the firm set out to scam Mr S. Halifax said Mr S's payment can't be reviewed against current industry guidance as it was before this was introduced. It said the Contingent Reimbursement Model (CRM) aims to protect customers, and reduce scams, but doesn't apply to civil disputes.

Mr S wasn't satisfied with this response and referred his complaint to our service. He said Halifax told him his payment '*was covered*'. Halifax said it did all it should to protect Mr S's payment by ensuring it went to a genuine business. It said a dispute about goods not being as described was operated by the debit card provider. Halifax offered Mr S a call to discuss the service in branch and the abrupt ending of his subsequent call and to explore what support it could offer him.

Our investigator didn't recommend the complaint be upheld. She said we can't decide on a dispute between a buyer and seller as we don't have authority to look at the seller's actions. We can only look at the dispute between Mr S and Halifax so we can't hold the bank responsible for misrepresentations by the seller or the poor quality or safety of Mr S's car.

The investigator said Mr S is responsible in law for the payments he instructed to Halifax and there's little protection for these. She said there's no evidence branch staff advised that Mr S would be protected. She said Halifax can't chargeback the payment as this is operated by card schemes for card payments. Similarly, protection from the Consumer Credit Act might apply for a credit card payment but it can't be relied on for Mr S's payment.

The investigator said the CRM provides some protection to victims of scams (such as if the car Mr S bought didn't exist), but it excludes private civil disputes. And here the dispute

arises from what the seller told Mr S (or didn't tell him) about the quality and history of the car, but this isn't a scam under the code.

Mr S disputed these findings '*as there's a clear fraud taken place as the garage address is used without consent*'. The complaint has been referred to me for a final decision. Mr S provided a lot of further information in support of the car not being fit for purpose and the car trader not being a proper motor dealer.

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 S has set out in great detail the many faults with the car he bought as well as the bad service he received from the car dealer.

As stated by our investigator, my role is to look at whether Mr S has been treated fairly by Halifax, and whether it has obligations that mean it should have done more to help him. The investigator has gone to great lengths to explain to Mr S why this is the case and why the various consumer protections are unavailable to him in the circumstances of his dispute. She has also pointed Mr S to where he might go for advice about his dispute. I have attached a copy of her letter.

In summary, Mr S's complaint has all the appearance of a buyer – seller dispute, a dispute concerning the quality of goods purchased and whether or not they are fit for purpose. And so, I agree with Halifax and the investigator that the transaction didn't fall to be considered as fraudulent and doesn't fall for consideration under the CRM Code. This means there is no financial rules or scheme that Mr S's dispute with the car dealer falls under. I have looked at the service Mr S received from Halifax to see if it has treated him fairly and reasonably.

Mr S doesn't think the branch of Halifax where he made a payment for his car did enough to protect him from fraud. Mr S said he is supposed to have extra safeguarding before he makes a payment and asked a member of Halifax's branch staff for assistance. He said he is easily taken advantage of and susceptible to coercion and manipulation. I am sorry to learn about Mr S's vulnerabilities and that he feels Halifax's branch staff were unhelpful and rude to him.

Halifax said it has notes on Mr S's account from 2019 that record his support needs. Halifax said it checked the payee was a genuine company before the payment was made. From what I have seen, Halifax checked the payee's credentials and established this as a commercial bank account. Given that Halifax aren't in the business of giving advice on car purchases, this is as much as I would expect the bank to do.

Halifax asked its staff about the interaction with Mr S but said they have no recollection of meeting him. Halifax said in consequence it would give Mr S the benefit of the doubt. I can see Halifax asked Mr S for more details so it could pursue this further, but I haven't seen any follow up to this.

In the absence of any evidence, it isn't possible for me to say that Mr S received poor service in branch or that his vulnerabilities were ignored. I haven't found that Halifax did anything wrong in their calls with Mr S though I note one of the calls ended abruptly.

From what I have seen Mr S obtained a full refund for the purchase of the car from the business that provided it and in the same month as the purchase, August 2024. It appears the refund was to Mr S's account and Halifax said it doesn't appear to have been re-debited. This means there is no financial loss incurred by Mr S and nothing to raise a claim about. In

the light of what I have said above, and the full refund Mr S has received I have no reason to uphold this complaint.

Our service investigates the merits of complaints on an individual basis and that is what I've done here. I think it's important to explain that my decision is final. I realise that Mr S will be disappointed by this outcome though I hope he appreciates the reasons why it had to be this way. By rejecting this decision all options remain open to him including the legal action he has mentioned.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 June 2025.

Andrew Fraser
Ombudsman