

The complaint

Mr F is unhappy that Bank of Scotland plc trading as Halifax ("Halifax") won't reimburse him the money he sent to a third-party seller to purchase a car which he then discovered was worthless and beyond economic repair.

What happened

I'm not going to cover all the points raised in detail. The view of 4 April 2025 covered the details of Mr F's testimony. But briefly in October 2024, Mr F found a car for sale on an online marketplace. Mr F contacted the seller and spoke to him over the phone. The vehicle was advertised for £7,995 and the seller agreed to accept Mr F's existing car in part exchange. Mr F made an initial payment of £50 as a deposit on 31 October 2024.

Mr F arranged to pick up the car from an agreed address. Mr F asked the courier if he could test drive the car but was told he was not insured to allow that. But the courier said the car drove well and he hadn't seen any issues with it. Mr F says he checked the bodywork and was happy with the vehicle. Mr F exchanged his own vehicle and paid the remaining balance of £5,650. Mr F was provided with the logbook for the car and the courier drove off with Mr F's vehicle.

Mr F said he drove the car down the road, the warning lights came on and smoke started to come out of the car. Mr F called a mechanic to tow the car to a local garage. Mr F said the mechanic reported that the car was overheating and there was a possible head gasket fail and that the car would not be economically viable to repair. The seller refused to provide Mr F with a refund.

Mr F carried out some research into the business that sold the car which led him to believe the seller had cloned a genuine company. Mr F says the legitimate company had not heard of the individual who sold him the car nor did it have a car of the same description for sale. Mr F complained to Halifax that he'd been the victim of a scam. Halifax said this was a civil dispute between Mr F and the seller.

Mr F bought his complaint to this service. Our investigator did not uphold the complaint. She said there was insufficient evidence to suggest the seller did intend to deceive Mr F and therefore the matter was a civil dispute which isn't covered by the new Reimbursement Rules.

Mr F remained unhappy. He said the fraud squad recognised it as fraud. The seller has gone onto another business in which he is hiring cars out. Mr F said that in the past, when transferring money, Halifax always carried out their own checks on sellers. The car is unusable and a liability due to storage costs. If he hadn't received the item Halifax would have paid him. He feels the bank is applying double standards as he recently transferred £400 for a holiday, and they would not transfer it without the full payee name. This didn't happen when he transferred the sum for the car.

As the complaint could not be resolved informally it has been passed to me for a 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've come to the same outcome as the investigator for broadly the same reasons.

I'm sorry to hear about the situation Mr F has been left in and about his personal circumstances at the time. He has part exchanged his own vehicle and paid out money for a car which is now unusable.

It's clear that Mr F feels strongly that the seller tricked him. From his perspective, the seller sold him car that's not usable. But I don't have the power to decide any dispute between Mr F and the seller. There may be other parties at fault or who he could pursue, but that isn't within the remit of our Service. My role is limited to looking at whether Halifax has treated Mr F fairly.

When considering what is fair and reasonable, I'm also 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 relevant time.

Where I can't know for certain what has or would have happened, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

In broad terms, the starting position in law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. However, where the customer made the payment as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payment.

In 2024, the PSR required the Faster Payments scheme operator (PayUK) to change the Faster Payment Rules to require the firms that operate over Faster Payments to reimburse their customers sums paid as a result of APP (authorised push payment) scams (herein after referred to as the Reimbursement Rules) in certain circumstances. These Rules came into force on 7 October 2024.

In this case, I've first considered whether the Reimbursement Rules and associated guidance issued by the PSR are relevant to the payment in dispute. Where they are relevant, I must have regard to the rules and guidance, as well as considering what is fair and reasonable in all the circumstances of the complaint.

The Reimbursement Rules¹ set out the requirements for a payment to be covered and sets out the features and definition of an APP scam. The Rules specifically define an APP scam 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”*

And the Rules specifically outline that private civil disputes are not covered. The term private civil dispute is defined in the 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.”

In its published policy statement PS23/3, the Payment Systems Regulator gave further guidance:

“2.6 Civil disputes do not meet our definition of an APP fraud as the customer has not been deceived [...] The law protects consumer rights when purchasing goods and services, including through the Consumer Rights Act.”

2.5 provides an example of when this might apply:

“...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.”

Turning to the definition of an APP scam, Mr F paid the seller and this was the person he intending to pay. So, for Mr F to have been the victim of an APP scam, I would need to be satisfied that the seller was acting fraudulently or dishonestly to deceive Mr F about the very purpose for which his payment had been procured. Here the purpose of the payment was to purchase a car Mr F had been offered on online marketplace and that he'd inspected in person before sending the final payment.

Mr F sent the money to buy the same car he did then receive. He's also confirmed the seller gave him the necessary paperwork to take legal ownership of the vehicle. His purpose was to buy the car and the seller's purpose was to sell it to him – so these do match. Mr F did leave with the specific car he intended to buy; his issues instead stem from the quality of that car and misrepresentation of this.

A misrepresentation about the product may have taken place but it's not possible to say this is more likely than not now. Mr F no longer has the advert or any messages detailing what the seller originally offered and what was agreed. I haven't seen how the product was originally described by the seller and there's limited detail about what Mr F was told about the car's condition.

¹ <https://www.wearepay.uk/wp-content/uploads/2024/09/FPS-Reimbursement-Rules-Schedule-4-v3.0.pdf> at paragraphs 3.8-3.10

None of this is to say that I don't accept Mr F has been tricked by the seller, and I recognise that if he had understood the true quality of the car, it's very unlikely he would've bought it. But those things are not a relevant consideration here. Mr F's transaction needs to meet the specific definition set out for the Reimbursement Rules to apply – and it doesn't. And as the issues stem from the quality of the car, this is something Mr F would need to pursue with the seller or other avenues outside of his bank.

Overall and on balance I don't find this situation meets the definition of an APP scam as set out in the Reimbursement Rules. As Halifax didn't need to consider this as an APP scam then it didn't need to go on to contact the recipient account provider. As the payment was made over the phone (rather than online) there was no confirmation of payee for the payment. Whilst it appears the agent entered the business name incorrectly – the payment went to the correct sort code and account number Mr F intended. If there had been a no match response – it's likely Mr F would have corrected the agent on the spelling, and the payment would then have gone through without concern.

Halifax didn't need to intervene with the payment either, and even if it had I don't think it would have made a difference given that Mr F says he carried out checks before purchasing the car and had viewed it in person before making the final balance payment.

Mr F has my sympathy, in that he hasn't received usable car. But overall, I don't think Halifax has treated Mr F unfairly when it made the decision not to reimburse Mr F. For the reasons I have explained, I'm satisfied Mr F isn't due a refund under the Reimbursement Rules nor can I see there are other grounds on which I could say that Halifax should, fairly and reasonably, bear the responsibility for Mr F's loss.

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 19 December 2025.

Kathryn Milne
Ombudsman