

The complaint

Mrs B is unhappy that HSBC UK Bank Plc ('HSBC') has decided not to refund the money she lost, to what she believed was an Authorised Push Payment ('APP') car purchase scam.

What happened

The background to this complaint is well known to both parties. So, I won't repeat everything again in detail here, but in summary I understand it to be as follows.

Mrs B came across an individual, whom I'll call 'Mr H', selling a car through a well-known online social media selling platform. The purchase price was £5,500 and Mrs B says within the advert (which she has provided) the car was described as "*absolutely driving perfect*".

Interested in buying the car, Mrs B arranged to meet and see the car in person. On 2 July 2025 Mrs B went to the agreed location with a friend from work. Mrs B met someone, whom I'll call 'Mr R', who advised he was Mr H's brother. Mrs B inspected the car, had a short test drive and being satisfied, subsequently purchased the car. Mrs B ended up paying £5,100, due to some damage to the car's seats. Mrs B made two faster payments of £2,500 to the account in the name of Mr R and also paid £100 cash. After taking possession of the car, Mrs B attempted to drive home in it, but after 10 minutes she experienced problems with the car's power cutting out while she was on the motorway. Mrs B contacted the seller – Mr H who claimed he had advised her that there was a problem with the battery and a new battery would fix it.

Mrs B sought a refund from Mr H – who refused. Given what had happened, Mrs B considered she had been scammed. Mrs B contacted HSBC to report the matter. HSBC considered the matter under the Faster Payment Scheme and CHAPS – Reimbursement Rules ('Reimbursement Rules').

The Reimbursement Rules require Payment Service Providers ('PSPs') such as HSBC to reimburse APP scam victims in all but a limited number of circumstances.

HSBC concluded that this was a buyer/seller civil dispute rather than an APP scam. As it concluded Mrs B wasn't the victim of a scam, it didn't consider it was liable to reimburse her under the Reimbursement Rules.

Unhappy with HSBC's response, Mrs B referred her complaint to our service. In her submissions, Mrs B explained she had taken the car for some diagnostic checks in August 2025 which showed the car had a number of faults that would require fixing before it would pass an MOT. Mrs B considered it showed that the seller had set out to deceive her.

One of our Investigators looked into the complaint and didn't recommend it should be upheld. In summary, our Investigator thought HSBC had acted fairly in reaching the decision it had.

Mrs B disagreed with the Investigator's opinion. Mrs B also took the car for an MOT in September 2025, but the MOT couldn't be completed as the engine kept cutting off. Mrs B considered Mr H had fraudulently misrepresented the car as being in good condition when it wasn't. Mrs B thought the previous MOT that had been carried out (in April 2025) may have been fraudulent given the faults that had since been uncovered. And Mrs B also considered there was a possibility Mr H or Mr R didn't have the right to sell the car, and that maybe the car had been stolen.

Mrs B considers she was the victim of a scam, as defined by the Reimbursement Rules, and her claim should therefore be covered. Our Investigator wasn't minded to change their opinion.

So, as an agreement hasn't been reached, it 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.

I'm 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 which is whether HSBC acted fairly in its answering of Mrs B's complaint. 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.

I'm very sorry to hear of what's happened to Mrs B. I can see she feels strongly about what has happened. But having considered everything, I can see no basis on which I can fairly require HSBC to refund the money Mrs B sent. I can appreciate that this outcome is not the one Mrs B was hoping for, and I can understand why she wants to try and recover this money. But having thought about HSBC's actions, I am unable to say it has responsibility for refunding the money Mrs B sent. I will explain why.

In deciding what's fair and reasonable, I'm 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 time.

First, Mrs B paid £100 in cash. There aren't any provisions that would mean Mrs B can recover this money nor could HSBC have prevented its loss. But there are provisions regarding the faster payments she made.

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

However, as alluded to earlier, a relevant consideration in this case is the Reimbursement Rules which came into force on 7 October 2024 and apply to all UK-based PSPs.

The Reimbursement Rules put a requirement on firms to reimburse APP scam payments made via the Faster Payments Scheme, in all but very limited circumstances.

And the Reimbursement Rules set out the requirements for a payment to be covered. They 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 further 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 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.”

So, in order to consider what has happened here as an APP scam, I would need to be satisfied that it involves criminal deception. The evidence for this would therefore need to be convincing. Our Investigator wasn’t persuaded that what had happened to Mrs B amounted to an APP scam as defined by the Reimbursement Rules.

Mrs B strongly disagrees. She feels the seller has scammed her. From what I have seen, although I accept Mrs B may not have received a car that was in as good a condition as she expected, and the condition of the car was arguably misrepresented to her by the seller, I don’t think I can fairly say that the situation Mrs B finds herself in is a scam as defined by the Reimbursement Rules. I think HSBC’s conclusion that the payments made are not covered by the Reimbursement Rules was fair.

I can appreciate why Mrs B feels she has been deceived. But I am mindful that Mrs B did receive the car for the money she paid – so the payments she made were for the purpose she intended. There is no dispute that the car exists, as Mrs B took possession of it, and despite Mrs B’s concerns on this aspect, I’ve not seen anything that makes me think the person selling it did not have the right to do so i.e. they weren’t a legitimate supplier. I’m mindful that you don’t need to be the ‘registered keeper’ in order to sell a vehicle. Only the ‘legal owner’ of a vehicle can sell it. So, while either Mr H or Mr R may not have been the registered keeper of the vehicle, there isn’t anything to suggest that they had no right to sell it – such as the police advising it had been a stolen car for example.

Mrs B has my sympathies, in that she purchased a car that wasn't in the condition she expected. I also note Mrs B's concerns that the car had seemingly passed an MOT in April 2025, so around two months prior to the purchase date, and the faults subsequently diagnosed suggest that its arguable the car would have passed the MOT in April 2025. However, that MOT was carried out by a licenced garage and is showing on the car's MOT history on the Gov.uk website. Should a garage pass a vehicle's MOT when it should have failed, then that garage can face severe penalties, including suspension or revocation of their testing license by the Driver and Vehicle Standards Agency.

I accept that Mrs B was likely deceived about the car. However, the deception was about the quality of the car's condition. The deception wasn't about the *purpose* of the payment. Here the purposes of the payments were fundamentally the same – in that Mrs B was intending to buy the car, and the seller intended to sell Mrs B the car (as evidenced by Mrs B taking ownership).

So, despite the seller arguably having fraudulently misrepresented the condition of the car, this doesn't meet the definition of an APP scam under the Reimbursement Rules. For the payment to be considered an APP scam under the Reimbursement Rules, the deception that took place needed to have led Mrs B into transferring funds where "*The payment is not for the purpose the Consumer intended.*" In essence, there can be serious failings on the part of the seller – such as potential fraudulent misrepresentation, without the transaction meeting the Reimbursement Rules definition of an APP scam.

Here I am considering whether it was fair for HSBC to decline reimbursing her under the provisions of the Reimbursement Rules. Based on the evidence available, I'm satisfied HSBC acted fairly in declining reimbursement. I've not seen anything to suggest the seller didn't have the right to sell the car to Mrs B such as it being a stolen car. And Mrs B received the car – so her payments were for the purpose she intended. So, I'm not satisfied the payments Mrs B made meet the relevant definition of an APP scam.

This therefore means the concerns Mrs B has around the condition of the car and how it was represented to her, amount to a civil dispute between Mrs B and the seller. I also can't see any other grounds on which I could say that HSBC should fairly and reasonably bear the responsibility for refunding Mrs B.

My final decision

For the reasons explained, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 10 April 2026.

Matthew Horner
Ombudsman