

The complaint

Mrs D complains that HSBC UK Bank Plc (“HSBC”) won’t refund her money, which she believes she has lost to a scam.

What happened

The background to this complaint is well known to all parties and has been laid out in detail by our Investigator in their view, so I won’t repeat it all again here. But in summary, I understand it to be as follows.

In or around July 2025, Mrs D was looking to buy a new car. A family member saw one that they thought would be suitable for her. Mrs D went to view the car and agreed to buy it from the seller, which was a company I will refer to as ‘S’. Between 9-10 July 2025, Mrs D made three payments to S, totalling £4,500 from the account she holds with HSBC.

Mrs D has said that S told her that they would be in contact with her when the car was ready for her. However, rather than contact Mrs D, S delivered the car to the address of the family member who had introduced her to S. Before passing the car over to Mrs D, the family member drove it without insurance – the police stopped them and the car was impounded.

Mrs D tried to retrieve the car from where it was impounded, but she was unable to. This was because the car wasn’t yet registered in her name and she was unable to get insurance. Mrs D asked S for a refund, but it declined and she’s said they told her she should try and get the money back from her family member. She added that she then attended S’ address, but there was nobody there and she is no longer able to contact them.

Believing she’d fallen victim to a scam, Mrs D raised the matter with HSBC, but it did not consider it was liable for Mrs D’s loss. In summary, this was because it thought what had happened was a civil matter.

Unhappy with HSBC’s response, Mrs D brought her complaint to this service. One of our Investigators looked into things. But they agreed with HSBC that this was most likely a civil dispute, and so Mrs D was not entitled to a refund of the payments she had made.

Mrs D didn’t agree with our Investigator’s view. In summary, she maintained that she had been the victim of a scam.

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 and having thought very carefully about HSBC’s actions, I agree with the findings set out by our Investigator. I do appreciate how disappointing this will be for Mrs D

but, whilst I'm sorry to hear of what's happened, I don't think I can fairly hold HSBC liable for her loss.

When considering what is fair and reasonable in this case, I've thought about the relevant rules that were in place at the time this disputed payment was made. From 7 October 2024, Payment Services Providers in the UK, like HSBC, have been bound by the Faster Payments Scheme reimbursement rules ("Reimbursement Rules"). Under these rules, most victims of Authorised Push Payment (APP) scams should be reimbursed – but "private civil disputes" are not covered.

I've therefore considered whether what has happened between Mrs D and the seller meets the Reimbursement Rules' definition of an APP scam or could more reasonably be classed as a civil dispute. The Reimbursement Rules 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"*

By contrast, a private civil dispute is defined 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. Having thought about this carefully, I'm not satisfied that Mrs D's payment is covered by the Reimbursement Rules. I'll explain why.

There is no dispute here that Mrs D paid the person she intended on paying so the first part of the APP scam definition doesn't apply here. I've therefore gone on to consider whether, as a result of dishonesty, these payments were made for a purpose other than Mrs D intended.

The allegation of fraud is a serious one. While I can reach my findings on the balance of probabilities (rather than beyond all reasonable doubt for example), to find S did intend to defraud Mrs D, I'd need to see convincing evidence to show fraud is the most likely explanation over any other possibility.

Mrs D's purpose for the payment was to purchase a vehicle, and while I appreciate that things haven't turned out as she expected, the evidence I've seen suggests that S was more likely than not a legitimate business, which intended to provide the service Mrs D had paid for.

I say that as S did deliver the car (albeit to Mrs D's family member). It seems it only didn't end up in Mrs D's possession due to a family member driving it without insurance, resulting in the car being impounded. Had that not happened, I think it most likely that Mrs D would have received the car she had paid for. So, it can't fairly be said that S has shown an intent to defraud.

Alongside this, at the time the payments were made, S was registered on Companies House. As well as this, while I can't go into specific details due to protection laws, information from the beneficiary bank (the bank to which the money was sent), doesn't indicate that there were any concerns with how the account was being run as there had been no other reports of fraud. Typically, if somebody were running a fraud, you'd expect to see other concerns raised – but that isn't the case here. I've seen that the activity on the beneficiary account is also consistent with a company involved in the motor trade. Which further supports that S was a legitimate firm providing a service that is in line with what the purpose of Mrs D's payments were intended for (the purchase of a vehicle).

I'm mindful that Mrs D has said she reported the matter to the police. However, I'm not aware of any criminal investigation and haven't seen any evidence to show the police have taken any action against the seller.

Overall, having thought very carefully about all that Mrs D has said, and about the evidence provided by all parties to this complaint, I'm not persuaded that I can safely say with any certainty that the seller set out with an intent to defraud Mrs D. I know this will be a huge disappointment to Mrs D, and I appreciate how strongly she feels about this case. But for the reasons I've explained above, I do not consider that it was unreasonable for HSBC to decline Mrs D's claim under the relevant Reimbursement Rules.

My final decision

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 D to accept or reject my decision before 10 April 2026.

Stephen Wise
Ombudsman