

The complaint

Mr and Mrs M complain that NATIONAL WESTMINSTER BANK PUBLIC LIMITED COMPANY ('NatWest') won't reimburse the funds they lost when they say they fell victim to a scam.

What happened

Mr and Mrs M hold a joint account with NatWest from which the payments they have asked me to consider were made.

I understand that Mr M saw an advert on an online marketplace for an engine he was interested in buying. He communicated with the seller and agreed on a price of £3,800 with free delivery. After receiving an invoice, Mr M made a test payment of £10 to the account details provided and then a second payment of £3,790. Both payments were made in early October 2025.

The engine was delivered to Mr M, but it was faulty. He let the seller know of the problem but didn't receive a response. Mr M then raised a scam claim with NatWest.

NatWest said Mr M has a civil dispute as he received the item he paid for.

Mr and Mrs M were unhappy with NatWest's response and raised a complaint with this service. They said that NatWest failed to consider their evidence and the wider picture, including that Mr M expected to receive a fully functioning engine with a 90-day warranty. And they believed the fact that the seller became unresponsive when problems were identified showed the sale was fraudulent.

The investigator who considered this complaint said this is a civil dispute and essentially Mr and Mrs M have received the engine, but they are unhappy with the quality of it.

Mr and Mrs M disagreed with the investigator's findings and asked for a final decision. They added that the seller is trying to sell the same engine from the same vehicle on the online marketplace.

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.

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 be good industry practice at the time.

I don't have any power to consider a dispute between Mr and Mrs M and the seller of the engine. My role is to consider whether NatWest, as Mr and Mrs M's bank, treated them fairly.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

The Financial Services and Markets Act 2023 required the Payment Systems Regulator (PSR) to introduce a reimbursement requirement for payments made over the Faster Payments Scheme as a result of fraud or dishonesty. Consequently 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 in certain circumstances. These Rules, which I'll call the Reimbursement 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 payments of £10 and £3,790 I am considering. 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 Rules 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 and says:

"...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."

Mr M made the payment to the account listed on the invoice, so the recipient was the person he intended to pay.

So, for Mr and Mrs M to be the victims of an APP scam as defined, I would need to be satisfied that the seller of the engine was acting fraudulently and dishonestly to deceive Mr and Mrs M about the very purpose for which their payment had been requested. Mr M thought he was buying an engine, which he received, but is unhappy with the quality of it. So, I think the payment was for the purpose intended and the Reimbursement Rules definition hasn't been met. I appreciate that Mr M expected to receive a fully functioning engine with a warranty, and this isn't what happened. But the issue is the quality of the item.

I appreciate that the chat with the seller and payment was moved away from the marketplace - which offers certain protections - that the seller stopped responding to Mr M when he raised concerns, and it would appear that the seller is advertising the same engine after selling it to Mr M. Whilst concerning, I don't think these points show that the payment falls within the scope of the Reimbursement Rules.

The transactions need to meet the specific definition set out for the Reimbursement Rules to apply. As the issues stem from whether the engine was of satisfactory standard (something

the PSR has specifically said is not covered by the Reimbursement Rules), this is something Mr and Mrs M would need to pursue via other avenues outside of their bank.

I've also thought about whether there is any other reason NatWest could be held responsible for Mr and Mrs M's loss. But I don't think that the payments were so out of character that NatWest ought reasonably to have had scam concerns when they were made.

Overall, whilst I'm very sorry to hear about the circumstances of Mr and Mrs M's loss, I can't fairly require NatWest to reimburse them.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M and Mr M to accept or reject my decision before 13 April 2026.

Jay Hadfield
Ombudsman