

## **The complaint**

Mr K is unhappy that HSBC UK Bank Plc (“HSBC”) won’t reimburse him the money he sent to a third-party seller to purchase a car.

## **What happened**

I’m not going to cover all the points raised in detail. The view of 18 February 2026 covered the details of Mr K’s testimony. But briefly in January 2026, Mr K found a car for sale on an online automotive marketplace. Mr K contacted the seller and arranged to meet to pick up the car from an agreed address. Mr K said he carried out basic and reasonable checks that a buyer would normally perform, and nothing was apparent that would indicate serious faults. On 14 January 2026 Mr K transferred £1,600 to the seller of the car.

Mr K says that within hours of purchase, serious faults became apparent. He said the speedometer was not functioning and the car exhibited abnormal warning behaviour. Mr K contacted the seller, who referred him to a garage he was connected to. Shortly afterwards, the seller became uncontactable, their phone number was no longer reachable, and the advertisement was removed.

Mr K complained to HSBC that he’d been the victim of a scam. HSBC said this was a civil dispute between Mr K and the seller.

Mr K bought his complaint to this service. Our investigator did not uphold the complaint. He said there was insufficient evidence to suggest the seller did intend to deceive Mr K and therefore the matter was a civil dispute which isn’t covered by the Faster Payment Scheme Reimbursement Rules (“Reimbursement Rules”).

Mr K remained unhappy. He said, the Rules require an assessment of whether the payment was induced by dishonest conduct such that it was not for the purpose intended. Mr K said, the purpose was to purchase a working roadworthy car, sold by a person presenting as a car dealer, with no major faults and a stated warranty. This influenced his decision to go ahead and authorise the payment. Mr K says there was an active concealment of safety-critical defects, not mere non-disclosure or post-sale deterioration.

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 K has been left in. He has paid out money for a car which needed significant further work at a cost and, based on the independent garage report Mr K has provided, it appears the car still requires further investigation.

It's clear that Mr K feels strongly that the seller tricked him. From his perspective, the seller sold him a car that's not roadworthy. But I don't have the power to decide any dispute between Mr K and the seller. My role is limited to looking at whether HSBC has treated Mr K fairly. Specifically, on whether it has obligations that might mean I can tell HSBC it needs to do more to help Mr K. It's important to note that it isn't for HSBC (or this Service) to investigate the seller or somehow prove that he wasn't operating legitimately.

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.

Unfortunately, and unlike payments made by card or using credit, bank transfer payments give very little protection to consumers. For example, section 75 of the Consumer Credit Act covers situations where a product is faulty, doesn't arrive or wasn't as described and consumers aren't able to resolve this with the supplier. But the protections offered by section 75 of the Consumer Credit Act simply don't apply here — Mr K's payment was a faster payment transferred from his account with HSBC.

HSBC did not contract with Mr K for the car, so I can't hold it responsible for any breach of contract or other failings on the seller's part.

The payments were made after 7 October 2024 when the Reimbursement Rules came into force. The Reimbursement Rules set out the requirements for a payment to be covered and set 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.”*

So, the Reimbursement Rules are not a general protection for consumers. Instead, they only apply in very specific circumstances – where the customer has been the victim of an APP scam. And there are a number of potential reasons (other than a scam) for the breakdown in a relationship between two parties for a dispute to exist. And unfortunately, businesses can fail or be mismanaged such that contracts are breached and agreed goods and services aren't provided. But that doesn't necessarily amount to evidence of an intent to commit an APP scam.

Turning to the definition of an APP scam, Mr K paid the seller, and this was the person he intending to pay. So, for Mr K 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 K about the very purpose for which his payment had been procured. Here the purpose of the payment was to purchase a car Mr K had seen on an online marketplace and that he'd inspected in person before sending the payment.

Mr K sent the money to buy the car he did then receive. His purpose was to buy the car and the seller's purpose was to sell it to him – so these do match. Mr K did leave with the specific car he intended to buy and received the transfer of ownership documentation; 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 K 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 K was told about the car's condition.

Whilst I am unable to share details about a third party and the nature of their relationship with their bank, the evidence I've seen, regarding the beneficiary account, indicates that the account activity was run as someone running a car sales business. There is limited other evidence about the seller and his business – as mentioned above Mr K no longer has the advert and the messages Mr K has provided are very limited.

Alongside this, I'm also mindful that there are some other factors, in the circumstances of this case, that don't carry the typical hallmarks of a scam or a trader setting out with an intent to defraud. Mr K met the seller in person to inspect the car before sending any money. The seller, at least for a time, was still contactable after Mr K had made the payment.

These factors are not typically the case with fraudsters, who more often than not operate under a different name, and are not able to be contacted after they have taken a victim's money. Whilst I appreciate the seller later blocked Mr K, looking at the limited communication between the two parties, it doesn't seem likely the individual was operating a scam. It's also unusual for a scammer to meet a victim to allow them to view a product before taking their money.

So, I can't exclude the possibility that the seller entered the agreement in good faith. The evidence doesn't lead me to conclude it's more likely (than these alternative possibilities) that the seller intended to steal Mr K's money from the outset and never had any intention of fulfilling the arrangement in full or in part.

I recognise that if he had understood the true quality of the car, it's very unlikely Mr K would've bought it. But those things are not a relevant consideration here. Mr K's transaction needs to meet the specific definition set out for the Reimbursement Rules to apply – and it doesn't. As the PSR has said (and as I outlined above) the intention of the Reimbursement Rules is not to cover defective goods from a legitimate supplier, and this situation does not make this is an APP scam.

And as the issues stem from the quality of the car, this is something Mr K would need to pursue with the seller or other avenues outside of his bank. I appreciate there may be limited scope to do so but the lack of other possible options to get his money back doesn't make the bank any more responsible.

I appreciate how frustrating and disappointing this answer will be. Mr K has lost a lot of money as a result. But 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 HSBC didn't need to consider this as an APP scam then it didn't need to go on to contact the recipient account provider. HSBC 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 K says he carried out checks before purchasing the car and had viewed it in person before making the payment.

Mr K has my sympathy, in that he hasn't received usable car. But overall, I don't think HSBC has treated Mr K unfairly when it made the decision not to reimburse Mr K. For the reasons I have explained, I'm satisfied Mr K isn't due a refund under the Reimbursement Rules nor can I see there are other grounds on which I could say that HSBC should, fairly and reasonably, bear the responsibility for Mr K'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 K to accept or reject my decision before 8 May 2026.

Kathryn Milne  
**Ombudsman**