

The complaint

Mr R complains that TSB Bank plc (“TSB”) led him to think that money was available in his account by not accurately recording the method of payment linked to a deposit into his account. Mr R thought the funds had been paid in via bank transfer. In fact, a cheque had been paid into his account but was later returned unpaid.

What happened

Mr R advertised an item for sale online. A buyer was found and it was agreed that they would pay £1,500 for the item via bank transfer. The buyer, who was in Mr R’s home at the time, asked for some privacy to call his bank and make the transfer. The buyer then told Mr R to check his mobile banking account.

Mr R says he checked his mobile banking application and saw that his account had been credited with the funds. He then gave the item to the buyer. However, unbeknown to Mr R at the time, the buyer had actually made the payment with a stolen cheque which bounced the next day – leaving Mr R without the item or the funds.

The deposit into Mr R’s account didn’t show as a cheque payment, it simply referenced the place of deposit, which appears to be a TSB branch. So, Mr R wasn’t alerted to the fact that it was actually a cheque payment rather than a bank transfer. Mr R says TSB’s mobile banking application had also shown that his balance had increased by the relevant amount. So, he’d been satisfied the funds had been credited to his account. Mr R says if he’d known this was a cheque payment, he’d have waited until it cleared before handing over the item to the buyer.

TSB didn’t think it had done anything wrong. Its mobile application had detailed that a deposit had been made and the place of the deposit. It said more detailed information about the deposit could’ve been found had Mr R logged into his online banking account. It also said that what had happened to Mr R wasn’t covered under its “Fraud Guarantee”. TSB said that as it didn’t think it had made a mistake, it wouldn’t look to offer Mr R a refund.

Mr R says he had not been informed that his mobile banking application only contained limited payment information or that he should check his online banking for more detail. He also stressed that if TSB had accurately reflected the nature of the payment, he would not have handed over the item and would not be at a loss now.

Our investigator didn’t uphold Mr R’s complaint because she didn’t feel the bank had done anything substantially wrong. She said the information the bank gave Mr R about the credit into his account wasn’t incorrect – a deposit had been made.

Mr R disagreed with the investigator’s view. He said he expected the bank to be much clearer in the terms it used.

As Mr R disagreed with our investigator, his complaint has been passed to me to make 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 decided not to uphold it. I'll explain why in more detail below:

Mr R sold an item to someone who told him they had made the payment requested by him via bank transfer. Mr R says that when he checked his account on his mobile banking application, this appeared to show the funds had been credited to his available balance. Acting on this, Mr R handed the item over to the buyer. Mr R has told us that he did so on the basis that the buyer had made a bank transfer as requested. However, I'm not persuaded that the information presented within the mobile banking application at the time was representative of a bank transfer. The payment was showing as a deposit payment made in a specific branch.

We now know the deposit had actually been made via cheque. But Mr R didn't actually check the method of payment, it appears he assumed that the buyer had done what he said he was going to do, and I understand why. But it was important to check the payment method here, the deposit was showing as a branch deposit, and different methods of deposit take different amounts of time to become 'cleared' and available to withdraw.

Having said the above, I do agree that the bank's use of the branch name as a deposit reference could be considered ambiguous. But, crucially, I don't think it's misleading. I think it does reflect the activity that had taken place on the account – a deposit had been made in a particular branch. And this could mean any type of payment in, whether that was, cash or cheque. Having reviewed the information presented at the time, I am not persuaded that the information indicated the payment had been made via bank transfer.

I do also understand why Mr B feels the bank should be more specific, and in this case, I agree that it would've been helpful. I also agree that it would've been helpful for the mobile banking application to have clearly set out that the funds had not cleared and become available. But I don't think the bank has done anything substantially wrong. It's mobile application correctly displayed that a deposit had been made and where. Mr R does accept that he knew a cheque would take time to clear. I think it was for him to ask how the deposit had been made and whether the money was available to him.

Finally, I've also considered whether Mr R should've been refunded under TSB's "Fraud Guarantee", but I don't think he should. TSB's Fraud Guarantee is clear in that it's applicable to authorised and unauthorised transactions from its customers TSB accounts, and as this complaint relates to a bounced cheque and funds which did not actually credit Mr R's account, I don't think it would be fair and reasonable for me to say that the guarantee is applicable to Mr R's circumstances and recommend that Mr R be refunded as such.

As I've explained, I don't think TSB did anything substantially wrong, so I don't think it has to do anything now to put things right.

My final decision

My decision is that I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 29 August 2023.

Emly Hanley
Ombudsman