

The complaint

Ms T and Mr W complain that TSB Bank plc didn't do enough to prevent the loss they suffered when they sent a payment to one of its customer's accounts because of a scam.

Ms T and Mr W have used a representative to bring their complaint, but for ease of reading, I'll mostly just refer to and will ascribe the representative's comments to Ms T and Mr W.

What happened

The background to this complaint is well known to both parties. So, I will keep my summary of what happened brief and focus on the reasons for my decision.

In September 2022 Ms T and Mr W sent just over €16,500 to an account held with TSB Bank. The money was for the purchase of a vehicle which they'd found online and was to be delivered. Ms T and Mr W say after they'd sent the money, the seller ceased communication, and the vehicle was never received. When Ms T and Mr W realised they might have fallen victim to a scam they contacted their own bank, B who notified TSB Bank. No funds were returned, so Ms T and Mr W complained to TSB bank that it had likely failed to: meet its obligations when allowing its customer's account to be opened; monitoring the account; and in its response when notified of the fraud.

TSB Bank didn't uphold Ms T and Mr W's complaint and the matter was referred to our service. Our Investigator concluded as there had been no failure by TSB Bank which had resulted in a loss to Ms T and Mr W it didn't need to do anything further to resolve this complaint. Ms T and Mr W did not accept the Investigator's assessment and asked that an Ombudsman review the case.

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 reached the same outcome as the Investigator, and for broadly the same reasons. I'll explain why.

Firstly, I'm sorry to hear that Ms T and Mr W have lost a considerable sum of money through falling victim to a cruel scam. With that in mind, I can see why they feel that TSB Bank ought to refund their loss as it allowed a "scammer" to open and operate an account. But I think it's important for me to start by explaining that an account later found to have been utilised to receive fraudulently obtained funds doesn't automatically entitle the payer (victim) to a refund nor does it mean that the recipient payment service provider (PSP) reasonably failed to prevent the loss.

I can only fairly direct TSB Bank to refund Ms T and Mr W's loss if I'm persuaded its acts or omissions reasonably caused that loss.

In the circumstances of this complaint, I'm satisfied that TSB Bank correctly followed their account opening procedures, carried out checks to verify the identity of the named accountholder and did its due diligence when opening the recipient account. There was nothing at the time that I think reasonably could've alerted TSB Bank that the account it was opening would later be used to receive fraudulently obtained funds. So I'm satisfied TSB Bank didn't miss an opportunity to prevent Ms T and Mr W's loss when opening the account.

I've also carefully considered whether there was anything prior to B notifying TSB Bank of fraud that ought to have alerted them to the possibility of the same. I've taken into account the length of time the account had been open and operating without any concerns, the previous account activity, and where to and how Ms T and Mr W's funds were paid away. And in my opinion, there wasn't anything sufficiently suspicious about the account activity that ought to have stood out to TSB Bank, where I'd say it's systems not triggering, or it not intervening, was unreasonable. So I can't fairly say TSB Bank missed an opportunity to prevent Ms T and Mr W's loss in this way either.

And finally, I'm satisfied that TSB Bank responded appropriately when B notified it of the fraud. Unfortunately, by the time TSB Bank had been told that Ms T and Mr W's payment had been made as a result of a scam, the funds had already left the recipient account. TSB Bank has also evidenced that it did contact "second generation" banks, where the money had been sent to, to try and secure any further funds for Ms T and Mr W. So, it follows that I don't think it did anything wrong.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T and Mr W to accept or reject my decision before 13 November 2023.

Sonal Matharu
Ombudsman