

The complaint

Mr C complains that TSB Bank plc (“TSB”) didn’t do enough to prevent him losing money that he sent to one of its customers’ accounts as the result of a scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything here. In brief summary, in November 2021 Mr C sent £990 from his HSBC account to an account held with TSB.

Mr C then realised he’d been scammed. Ultimately, remaining unhappy when he didn’t recover his lost funds, he referred a complaint about TSB to us. An Investigator here looked into things, but Mr C remained unhappy and asked for an Ombudsman’s decision. This complaint about TSB has therefore been passed to me to decide.

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.

Whilst this case has been awaiting this decision, Mr C’s other linked case here against HSBC (the bank from which he sent the payment of £990) has settled. I understand as part of settlement of this other case Mr C will have now received the sum of £990 back from HSBC. But the impact of the fraud on Mr C will not only have been monetary but will also have caused Mr C distress and inconvenience, so for clarity and completeness, I have nevertheless considered this complaint about TSB in its’ own right. Having done so, I’ve decided not to uphold it for materially the same reasons as our Investigator.

I’m sorry Mr C was the victim of a scam. But I can’t reasonably ask TSB to compensate him unless TSB’s acts or omissions unfairly impacted him. So, what I have to decide is whether or not TSB reasonably did enough to prevent, and respond to, the alleged authorised push payment (APP) fraud.

TSB has shared relevant information with this service in confidence to allow us to discharge our investigatory functions and has provided that which is necessary for the determination of this complaint. But I’m also limited to how much of this I can share for the same reasons as TSB. But I’d like to assure Mr C I’ve carefully reviewed everything before reaching my decision.

I appreciate Mr C feels TSB shouldn’t have allowed a fraudster to open and operate an account. But an account later found to have been utilised to misappropriate funds doesn’t automatically entitle the payer (victim) to a refund, nor does it mean that the recipient bank unreasonably failed to prevent impact (in this case to Mr C). What I need to consider is whether, at the time of opening the account, TSB ought reasonably to have known that the account being opened would later be used fraudulently. And in the circumstances of this complaint, there wasn’t anything at the time that I think reasonably could’ve alerted TSB that

the account it was opening would later be used to misappropriate funds. So I'm satisfied it didn't miss an opportunity to prevent the fraud when opening the account.

I've also considered whether there was anything prior to Mr C's payment that ought to have alerted TSB to the possibility of fraud. I'm satisfied none of the account activity ought to have stood out to TSB as unusual or suspicious. So I can't fairly say TSB unreasonably missed an opportunity to prevent the fraud here either.

I'm also satisfied that TSB responded appropriately when it was put on notice that its customer's account was in receipt of funds which had allegedly been fraudulently obtained. Unfortunately by the time TSB was told that Mr C's payment had been made as a result of a scam, there weren't any available funds for TSB to recover for Mr C. So I don't think TSB made any mistakes in dealing with notification of APP fraud.

I understand Mr C may be disappointed, and I've taken on board everything he's said. However, for the reasons I've explained, I don't think TSB missed an opportunity to either prevent the fraud or to have recovered the funds, nor that its acts or omissions are the cause of him being without his funds for the time he has been. So I don't uphold this complaint.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 28 September 2023.

Neil Bridge
Ombudsman