

## **The complaint**

Mr A complained about TSB Bank Plc. A current account was opened in Mr A's name, which he hadn't asked to be opened, and a debt was built up on it. Mr A wants much more compensation than TSB offered him.

## **What happened**

In October 2019, Mr A received a letter from a debt collection agency. This said he had a debt of around £1,080 with TSB which had already been marked as defaulted. Mr A thought it was a scam and ignored it, but a few days later he had another letter, so he got in touch with TSB on 29 October. He found out that someone had opened an account in his name at a previous address.

TSB investigated, and by 11 November it had closed the account which had been fraudulently opened in Mr A's name, written off the balance, and told the credit reference agencies to remove all credit file entries for the account. The debt collection agency wrote to Mr A to confirm it wouldn't be contacting him again.

Mr A complained to TSB about the account having been opened, and he asked for compensation. He was also unhappy because after he'd got in touch with TSB, it had sent the complaint acknowledgement to the address which had been fraudulently set up on the account.

In its final response, TSB said that when processing online applications, it cross-referenced the application information with information from credit reference agencies and the electoral register. Mr A had lived at the address on the application until April 2017, around six months before the fraudulent account application. TSB explained that it only asked for additional identification in person, in a branch, if any concerns were flagged during the online checks. There hadn't been any reported concerns, so TSB said it hadn't made any errors when it opened the account.

TSB also told Mr A that it had recorded a protective marker for him with the anti-fraud organisation CIFAS. It apologised for having sent the complaint acknowledgement letter to the address on the fraudulent account, and sent him a cheque for £250 compensation for this.

Mr A wasn't satisfied. He told TSB that its response hadn't taken into account the financial loss he'd suffered as a result of the default on his credit file. He said that £250 was inappropriate and inadequate for the emotional, mental and financial loss he'd suffered.

Mr A contacted this service. He had researched rules about customer due diligence, and said TSB hadn't verified his identity by asking for any photo ID. He said that by opening an account with his details, TSB had confirmed his details to the fraudsters, and he was terrified to death at his identity having been confirmed to gangs. He'd had panic attacks and had had to take time off work. Mr A also said he'd tried to open a special business account to allow him to send mail at business rates. This had been refused because of the default on his credit file. Mr A said he'd incurred other losses:

- £12,500 for goods he'd imported to start his new business;
- £1,290 storage costs for those goods;
- £800 borrowed on a credit card, which had charged a higher rate because of his credit file;
- £1,800 mobile phone costs for a year;
- £4,600 for car finance as he had to pay higher interest;
- £800 for car insurance as he had to pay more because of his credit file;

He also wanted more compensation for the mental and emotional distress caused to him.

The investigator didn't uphold Mr A's complaint for more compensation. She said that although the rules include requirements to verify someone's identity, different banks had different processes and it wasn't essential to check photographic ID. The investigator explained that because of TSB's system problems in 2018, it couldn't provide the application which had been submitted in 2017. But TSB had done an electronic check on Mr A's identity, including a credit check. And physical identification in person was only required if there had been problems. So the investigator didn't think TSB had had any way of knowing the account was being opened fraudulently.

The investigator also thought that when Mr A had reported the problem on 29 October 2019, TSB had taken all the right actions. It had done so by 11 November, which was reasonable. She agreed that TSB had made a mistake by sending the complaint acknowledgement letter to the address where the fraudulent account had been opened. But she considered £250 was fair compensation for that.

Mr A wasn't satisfied. He said that TSB had closed the account and cleared his credit score, but the damage had already been done because of TSB's negligence. He said he wanted TSB to provide all the personal information from the fraudulent application. And if it didn't, he'd believe the facts were being deliberately hidden. He said all his 2019 financial arrangements had been affected by the bad credit score which was caused by TSB. Mr A said the damage to his mental state hadn't been addressed. He said that if details of the personal information on the account application weren't available, he wanted full compensation for the financial and mental damage he'd suffered.

### **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.

I recognise that Mr A feels very strongly about what happened, and I understand it would have been shocking and upsetting to find that an account had been fraudulently opened in Mr A's name. The person really responsible for the level of Mr A's distress is of course the fraudster, and sadly it's not within my power to put that right. My job is to look at whether TSB acted correctly, in opening the account and in dealing with it when Mr A had reported the problem. And if TSB didn't act correctly, I can consider fair and reasonable compensation for whatever TSB – as opposed to the fraudster – did wrong.

#### *Opening the account*

The rules about opening accounts don't say that financial organisations have to obtain photographic ID in person before opening an account. TSB's policy was only to require this if the electronic checks indicated a possible problem, and I can't say that that was wrong.

As the investigator explained, TSB doesn't have a copy of the original 2017 fraudulent online application because of its 2018 system problems. It often happens when considering complaints that we don't have all the evidence we'd ideally like to have. Whenever that happens, I take my decision on the evidence I do have, and I consider what's most likely to have happened in all the circumstances.

Here, it's not disputed that some of Mr A's details – for example his name and the address he'd left a few months before - must have been submitted by the fraudster in order to open the account. I recognise Mr A would have liked to know what the fraudster put on the application form, and he's unhappy that the 2018 TSB system problems mean that's no longer available. But Mr A will have some protection from the fraudsters using those details again, because TSB recorded a "*protective marker*" for him on the anti-fraud database CIFAS. This means that in future, more checks would be done on anyone who tries to open any account with Mr A's details. This will mean that accounts which Mr A himself genuinely opens will take a bit longer to process too, but it should provide some peace of mind about preventing future frauds.

#### *What TSB did when Mr A reported the fraud*

Mr A asked why he wasn't contacted until the debt collection agency got in touch in October 2019, two years after the account had been opened. The reason for that would be that the fraudster had used Mr A's previous address, so that was what was recorded on the account. So it would only have been when the debt collection agency did some detective work to trace Mr A, that it found him at his new, real, address.

I've looked at what TSB did when Mr A reported the problem on 29 October. It investigated, wrote off the balance, closed the account, contacted the credit reference agencies to remove markers about Mr A, and registered the protective marker with CIFAS. It did that by 11 November, which I find is a reasonable timescale.

TSB shouldn't have sent the complaint acknowledgement to Mr A using his former address which the fraudster had used. I've seen a copy of the letter, which didn't contain any other personal details for Mr A. So it's unlikely that the fraudsters, if they were living at that address and received the letter, would have gained any more information about Mr A from this mistake. They already knew they'd been able to open the account with Mr A's name and that address. So I find that £250 offered by TSB was fair compensation.

#### *Mr A's compensation claims*

Mr A has asked for significant extra compensation. But the only aspect where I consider TSB - as opposed to the fraudster - was at fault was in sending correspondence to the account address after fraud had been reported. And I've found that £250 was fair for that.

I recognise that a default on Mr A's credit file could potentially have caused him difficulties. But TSB didn't know the account had been opened fraudulently until Mr A reported it. So the default was just part of its normal process in recording a default against any named account holder where the debt wasn't being paid. And TSB acted promptly to remove the default within under a fortnight of finding out about the fraud.

As the investigator explained, I wouldn't be able to award Mr A the compensation he's looking for, even if I had found TSB did much more that was wrong. That's because it would be necessary to prove that all the alleged losses stemmed only from any mistakes by TSB, rather than from any other circumstances.

Mr A feels that the impact on his mental state hasn't been considered in the compensation. I do recognise that it would have been very shocking and upsetting for Mr A. But to award significant compensation for mental distress, I'd need to have found that it was specifically TSB which had caused it. It was actually the fraudster who caused Mr A the distress, and it's not possible for me to award compensation to be paid by the unknown fraudster. I find that £250 was fair for TSB's sole mistake of sending a complaint acknowledgement letter to the wrong address.

### **My final decision**

My final decision is that I do not uphold Mr A's complaint for significant additional compensation. It's not clear to me whether or not Mr A has cashed TSB's cheque for £250. But if he hasn't and it's out of date, I leave it to Mr A to contact TSB for a replacement if he wishes.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 3 February 2021.

Belinda Knight  
**Ombudsman**