

The complaint

Mrs S complains that TSB Bank plc (TSB) won't refund payments she made after falling victim to a scam.

The account with TSB is held in Mrs S's name and all of the payments were made from her account. However, the complaint has been brought by a representative who is authorised on Mrs S's account via a Power of Attorney. The representative arranged the work and dealt with the builder. But, for simplicity, I'll refer to Mrs S throughout.

What happened

In 2020, Mrs S was looking to replace her kitchen. She approached a well-known company and received a quote, however it asked for more than she was willing to pay. Talking to a staff member at the company they referred her to a builder who installed their kitchens and could do the work she wanted for a cheaper price if she dealt with them directly and not through the company. I'll refer to the builder as A.

Mrs S says she reached an agreement with A about the work he was to complete and the price she would pay. In total Mrs S made four payments to A from her TSB account, as set out below.

Date	Transaction detail	Amount
30.9.2020	Internet banking payment to A	£6,000
26.10.2020	Internet banking payment to A	£2,000
13.11.2020	Internet banking payment to A	£1,500
2.12.2020	Internet banking payment to A	£1,300

What Mrs S says happened:

- A was to put in a new kitchen, replace flooring in the kitchen, living room and utility room, install radiators, a sink and toilet.
- The initial price agreed was £10,500, however additional costs were added relating to a window and radiators.
- While she received texts from A, Mrs S didn't receive any invoices.
- A removed all the radiators and flooring as well as the doors, but didn't replace any of these. Someone did plaster the kitchen and utility room, but it required a return visit to fix some of the plastering.
- Despite repeated promises from A that he would attend the property and replace the flooring, he didn't. Before Christmas Mrs S stressed the urgency of needing flooring and was told A would come the next day. The next day A contacted her to say he'd been stopped by the police and his van was impounded. After this A blocked her phone number so Mrs S was unable to contact him.
- The last text Mrs S got from A said he would attend the property on 7 January 2021, but he didn't. Mrs S sent him a letter but he refused to sign for it and Mrs S hasn't

heard from him since.

- Mrs S has been contacted through a social media website by other people who've had the same experience with A.
- Mrs S phoned the police but was told they couldn't do anything to help.

In January 2021 Mrs S raised a fraud claim with TSB.

TSB investigated Mrs S's fraud claim but declined to refund her saying it was a buyer/seller dispute and not a scam. As such they said Mrs S wasn't entitled to a refund under their Fraud Refund Guarantee.

Mrs S wasn't happy with TSB's response, so she brought a complaint to our service.

An investigator looked into Mrs S's complaint. Ultimately, they upheld her complaint, saying that it wasn't a buyer/seller dispute or civil matter therefore Mrs S was entitled to a full refund under TSB's Fraud Refund Guarantee (FRG). The investigator felt the partial work completed by the builder was a ruse in order to build confidence and get Mrs S to make further payments. They recommended that TSB refund Mrs S in full and pay interest.

TSB disagreed with the investigator's opinion saying their FRG doesn't cover purchase disputes, or where the goods or services don't meet a customer's expectations. They also said that Mrs S making four payments over several months indicated that she was happy with the work completed up to the point she contacted TSB.

As TSB disagreed with the investigator's opinion, the case was passed to me to review.

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.

In this case, I need to reach a decision on whether Mrs S is entitled a refund under TSB's Fraud Refund Guarantee and whether TSB have treated her fairly in the circumstances.

In April 2019, TSB launched their Fraud Refund Guarantee which says "if you're clearly an innocent victim of fraud on your TSB account, we will refund the money you lost from your account". It goes on to say "the guarantee doesn't cover purchase disputes, where you pay for something with your TSB account and the goods or services don't meet your expectations. This could be if the item arrives differently to how it was described".

In this case, I'm satisfied that Mrs S is the innocent victim of fraud. She was looking to get a new kitchen fitted and approached a well-known company for a quote. She was then referred to someone she was told that fitted kitchens for that company and she chose to use that person trusting the referral she was given. So, I think she meets the first test under TSB's FRG.

In considering the second test, I'm persuaded that it's more likely than not that this was a scam and not a purchase dispute or dissatisfaction with the work completed - for the following reasons:

- A didn't provide Mrs S with an invoice. I think it's irregular for a tradesperson who does regular work for a large well-known company to not provide a proper quote for what was a reasonably large job. The only documentation Mrs S got was a piece of

paper with some figures written down for the work she wanted done. There was no company name or VAT information, which I would expect to see.

- Mrs S has told us that multiple people have contacted her saying they've had the same experience in dealing with A. While this isn't emphatic proof, it does go towards building a picture about whether A was a reputable tradesperson vs someone who set out with the intention to not complete the work they were paid to do.
- I wouldn't expect a genuine tradesperson to fail to attend the property on multiple occasions and fail to complete the work they were paid to do. I haven't seen anything in the messages between Mrs S and A that suggests there was a break down in the relationship until the very last texts. The texts all focus on A making promises to turn up and complete the work, which didn't happen.
- I don't agree that Mrs S making payments meant she was satisfied with the work. Texts show that A manipulated Mrs S into making additional payments. A gave an initial price for additional work, then told Mrs S that it could be done for a highly discounted price but only if she paid for the work that week. A put pressure on Mrs S so she felt the need to make the payments in order for the work to be done and save money overall.
- A used a lot of stalling tactics as well in the messages with Mrs S. He often said that the delay was due to contractors that he'd sub contracted work out to. He used excuses including his van being impounded by the police and the cost to get it released, a contractor ending up in hospital and A himself being unwell. In the later texts in December, he even says he'd discussed it with his lawyer about how best to resolve the issue with regards to completing the work.

Ultimately in deciding whether Mrs S was the victim of a scam, I need to decide whether A had the intention from the outset to not complete the work he quoted for. For all the reasons set out above, I'm satisfied that it's more likely than not that A did set out with the intention to scam Mrs S, and had no intention of completing the work he'd quoted for and kept using manipulation to gain additional payments from Mrs S.

On that basis, I'm satisfied that Mrs S's loss should be covered by TSB's Fraud Refund Guarantee. Therefore, TSB should refund all of the payments she made as part of the scam and pay interest at the savings account interest rate applicable to the account the funds originated from.

Putting things right

To put things right TSB Bank plc should:

- Refund Mrs S for all the payments she made, which total £10,800
- Pay interest on the refund at the account interest rate where the funds originated from (eSavings account) - from the date of the payments until the date of settlement

My final decision

My final decision is that I uphold this complaint against TSB Bank plc and they should compensate Mrs S as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 2 August 2022.

Lisa Lowe
Ombudsman