

## **The complaint**

Miss S complains that TSB Bank plc won't refund money she lost to an investment scam.

## **What happened**

The full details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll recap the key points and focus on giving my reasons for my decision:

- In June 2021, Miss S connected with an individual "Z" on social media. A short while after they started communicating, Miss S was persuaded by Z to invest in what she thought was forex trading. On 8 June, Miss S made a faster payment of £2,500 from her TSB account to an account in the name of a company "C".
- Between 10 June and 17 August, Miss S made further payments totalling £133,400 to C. These payments were made using money Miss S received from 14 individuals who she's said are friends and family. One day, when she couldn't access her 'trading account' with C, Miss S questioned Z about this and he blocked her. Realising that she'd been scammed, Miss S reported the matter to TSB. Unhappy with the lack of response, she contacted our service.
- We notified TSB of Miss S's complaint and it wrote to her and apologised for the delay in investigating her fraud claim. TSB also paid £250 compensation in recognition of this. Subsequently, TSB told us it was willing to refund Miss S the initial transaction of £2,500 under its 'Fraud Refund Guarantee'. It said it wasn't responsible for refunding the remaining funds as they weren't Miss S's personal loss.
- Miss S rejected TSB's offer. Our investigator explained that TSB wasn't liable to reimburse her for losses suffered by others. So, even if he had concluded that TSB failed in its duty of care, the loss Miss S had suffered personally was only the initial payment. The investigator noted that TSB's offer didn't take into account a credit Miss S said she'd received from C, which he explained would normally be deducted from any refund.
- Miss S said that she understood the point the investigator had made, but she didn't agree with it and wanted an ombudsman's decision. She said that once the money was transferred into her account by her friends and family, it was hers. Miss S also said she believed TSB had failed to protect her, and that she was being chased by those who had transferred the money to her. So, it ultimately became *her* loss. She explained that she's had to take out a loan to pay back some of the money and that this situation has had a serious impact on her personal circumstances.
- The complaint was passed to me and I contacted TSB to check whether its offer was still available to Miss S were it to be accepted now. TSB said that Miss S had originally rejected the offer but had since contacted its fraud team and £2,500 was paid into her bank account on 2 August 2022.

## **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'd like to reassure both parties that although I've only summarised the background and arguments, I've read and considered everything that's been submitted. Having done so, I agree with the conclusions reached by the investigator for these reasons:

- It's common ground that the disputed payments were authorised by Miss S. As a starting position, banks should execute an authorised payment instruction without undue delay.
- However, in accordance with the law, regulations and good industry practice, a bank has a duty to protect its customers against the risk of fraud and scams so far as is reasonably possible. If, in breach of that duty, a bank fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for the losses incurred by its customer as a result.
- From the evidence I've seen, it's not actually been proven that C was operating fraudulently, and that Miss B has been a victim of a scam rather than losing money to a high-risk investment. As TSB offered a partial refund, I've proceeded on the basis that Miss S has been a victim of a scam.
- As TSB's liability for acts and omissions only extends to its customers and not to others, I consider that I only need to make a finding on whether it failed in its duty of care *if* I'm satisfied that the loss suffered here is Miss S's.
- I've thought carefully about Miss S's reasons for why she believes that all the money transferred to C is her personal loss. I can understand why it may feel like that to her if friends and family are expecting the money to be returned. But it remains the case that, barring the initial payment which TSB has already refunded, Miss S invested money for other people. As such, it was they who lost their money in the 'investment opportunity'. (I should add at this point that I haven't seen anything on file that shows C was operating a scam).
- Miss S submits that TSB hasn't complied with the terms of its Fraud Refund Guarantee which states, "Put simply, it means that if you're clearly an innocent victim of fraud on your TSB account, we will refund the money you lost from your account". She argues that this makes no reference to personal loss. I understand the point Miss S is trying to make, but I take that statement to mean money that is lost from a customer's account that belongs to them. Based on Miss S's submissions and her correspondence with the investigator (including a phone call which I've listened to), I'm not persuaded that the remainder of the money Miss S lost belonged to her.
- Even if I were to accept that TSB's guarantee is open to interpretation, I must decide what's fair and reasonable in the circumstances of the complaint before me. I can't fairly or reasonably hold TSB liable for losses suffered by others who invested money by transferring it to Miss S.

I fully acknowledge that there's a lot of money involved here. And I'm sorry to hear about how this situation has affected Miss S. I know that she feels very strongly about this matter and is likely to disagree with my findings. But for the above reasons, I won't be telling TSB to do anything further as in the circumstances I conclude that the refund of £2,500 fairly resolves this complaint.

### **My final decision**

For the reasons given, my final decision is that TSB Bank plc has already fairly resolved this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 7 October 2022.

Gagandeep Singh  
**Ombudsman**