

The complaint

Mrs M complains that Sainsbury's Bank Plc failed to protect her account and provided poor customer service.

What happened

Mrs M was subject to an account takeover on her Sainsbury's credit card account. The fraudster was able to obtain enough detail about her to pass security on her account and change contact details (phone number and email address) and make some transactions.

Mrs M received a text message about the changes to her account from Sainsbury's as part of their security procedures. Mrs M contacted Sainsbury's advising them that she hadn't made any changes to her account. Blocks were applied to the account whilst the matter was looked into. Mrs M then raised a complaint with Sainsbury's about their handling of her account.

Mrs M was concerned she hadn't heard anything from Sainsbury's about the investigation of her complaint. It then became apparent that the fraudster's details were still registered on her account, resulting in an email about the complaint being sent to the fraudster. Sainsbury's then changed the email address back to Mrs M's genuine address.

Sainsbury's refunded fraudulent payments made on her account and looked into Mrs M's complaint about the issue. Mrs M asked for her details relating to the identity theft be registered with CIFAS – a national fraud prevention agency. Sainsbury's lodged a "protective registration" with CIFAS on behalf of Mrs M.

A further email about the issue was again sent to the fraudster's email address and it then appears that another attempt to obtain information about Mrs M's account was made to Sainsbury's. Mrs M also received a suspicious call from someone impersonating Sainsbury's. Mrs M didn't provide any details to this person as she wasn't convinced the caller was genuine. This was later confirmed by Sainsbury's that it wasn't them that had called Mrs M.

It was arranged for a separate password be set up for when Mrs M called about her account to add another layer of security and on a couple of occasions Mrs M called Sainsbury's the password wasn't requested. Mrs M explained that she was frustrated and worried by Sainsbury's general lack of awareness about her situation and the ongoing security of her account and personal details.

Mrs M was also unhappy with how Sainsbury's had handled her calls and delays when speaking with them. Sainsbury's registered two complaints concerning the account take over and the new security arrangements. Sainsbury's accepted they'd let Mrs M down with aspects of their handling of her account and made a £30 payment which Mrs M received. Sainsbury's also offered a second £30 for the other complaint, although Mrs M has said she never agreed to this nor was it received. She was left unhappy with how Sainsbury's had dealt with her complaint and brought it to the Financial Ombudsman Service for an independent review.

Mrs M's complaint was looked into by one of our investigators who issued two reports about the incident. He thought that Sainsbury's had let Mrs M down and thought that overall that £200 was fair compensation for Sainsbury's handling of the situation.

Sainsbury's disagreed with the amount of compensation and asked for an Ombudsman to review the compensation award. Mrs M accepted the investigator's recommendation.

The complaint has now been passed to me for a decision.

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.

Generally, the events that happened to Mrs M are agreed by both parties. I appreciate there's a different interpretation between Sainsbury's and Mrs M about certain aspects of the complaint, so I'll only refer to those which are required to explain why I think that the investigator's recommendation was reasonable.

I think it's worth noting that it was a fraudster who carried out the account takeover and attempted to defraud Mrs M's card. Sainsbury's intent was to prevent loss to her and protect her information from further exploitation – even though that wasn't entirely successful.

The fraudster was able to make use of Mrs M's account, but as Sainsbury's have refunded any disputed transactions, I don't need to consider this specific point any further.

The fraudster was able to answer the security questions used by Sainsbury's to change the account details, although it's not clear how they were able to obtain this information. What is apparent is that they already had this information prior to contacting Sainsbury's.

Part of the security process for amending phone numbers is that the old number receives a text about the change of numbers. This is to alert the user in cases such as this, which is what happened here. Mrs M was then able to tell Sainsbury's about the changes to her account.

It then appears that this is where the problems started because the fraudster's details were left on part of Sainsbury's systems. An email about the complaint was sent to the fraudster, alerting them that the issue was being investigated by Sainsbury's. It wasn't until about a week later that Mrs M was aware that the email had been sent to the fraudster.

Sainsbury's updated the account details, blocked and re-issued the credit card and loaded the registration with CIFAS. A few days later, Sainsbury's records show that a further email was again sent in error to the fraudster about the complaint.

Sainsbury's then received a call from someone who failed security and a code was sent "*to the address held on file*". About a week later, Mrs M received a scam call from someone impersonating Sainsbury's. Fortunately, she was suspicious and didn't reveal any personal information before ending the call.

Whilst Sainsbury's can't be held liable for the account takeover, the way they handled Mrs M's account after being made aware of the problem leaves a lot to be desired. The repeated mistakes of leaving the fraudster's email address on their system allowed updates about the complaint to be sent to them – effectively kept them informed about the state of the investigation. Sainsbury's have said these were general updates and didn't contain any sensitive details, but the issue for me is that by repeatedly sending information to the

fraudster they continued to provide them with information about the state of the complaint and this impacted Mrs M. She wasn't to know what was in those letters and I can see how worried and frustrated she was about the issue.

Sainsbury's not only provided an update to the fraudster on one occasion, they sent a second email after already realising they done it once, which I found to be most unsatisfactory for the level of service received by Mrs M. It's not unreasonable for Mrs M to have trust in Sainsbury's that they'll keep her account safe after being made aware of the takeover, but Sainsbury's didn't do that here.

Additional security arrangements

Once the additional password was set up, Mrs M made several calls to Sainsbury's where the password wasn't requested which she felt was a breach of their agreement. Having looked at the procedures for the use of such a password, it's only used at a specific point in the conversation if the caller tries to amend details about the account. I don't think that Sainsbury's ignored their own policies here, but it doesn't appear that Mrs M was aware of how the password would be used as she was under the impression that it was to be asked for whenever she called. Sainsbury's could have made that clearer to Mrs M.

CIFAS protective registration

I appreciate Mrs M thinks the CIFAS marker took too long to be registered, but having looked at the timeline, I don't think the delay was especially long. I'm not aware of any losses attributed to the delay and overall Mrs M hasn't lost out financially because of this issue.

Customer service

Mrs M was also critical of the time taken for phone calls when she was trying to raise various issues with Sainsbury's and whilst it's frustrating to be left on the phone for long periods, I don't think the delays were specific to her, more related I think to how busy Sainsbury's were at the time. Sainsbury's did recognise that calls had been dropped and offered £30 which I think was a reasonable payment for that specific issue.

Putting things right

Overall, I've considered the impact of Sainsbury's handling on Mrs M. Sainsbury's thought the recommendation for a payment of £200 was too high. I disagree, the actions by Sainsbury's to repeatedly fail to accurately record details on her account leading to repeated information being provided to the fraudster, caused Mrs M to be constantly worried about the safety of her account. A further attempt to obtain more information from her happened after these emails were sent, leading me to conclude that Sainsbury's continued failures likely enabled additional attempts to defraud Mrs M.

The ongoing stress and worry caused by Sainsbury's handling of the issue warrants a payment for distress caused and the impact this had on Mrs M. I think that a payment of £200 overall (including any payments already made for both complaints) is both reasonable and fair in the circumstances.

My final decision

My final decision is that I uphold this complaint and Sainsbury's Bank Plc are instructed to settle this complaint as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or

reject my decision before 14 November 2022.

David Perry
Ombudsman