

The complaint

Mr A complains about TSB Bank plc.

He says that TSB didn't do enough to help him when he became the victim of a scam and would like TSB to refund him the money he has lost as a result.

What happened

In 2021, Mr A was contacted through Facebook messenger by an individual called 'A'. Initially, A expressed an interest in beginning a romantic relationship and spoke with Mr A for several months.

After this time, A began to discuss her experience investing in cryptocurrency and presented herself as an expert in this area to Mr A.

Mr A was persuaded to invest, making an initial payment to B, a crypto currency exchange on 23 April 2021, followed by eight further payments. In total, Mr A paid £40,890.

Unfortunately, A was a scammer. Mr A discovered that the money he had paid had been lost – and he had been blocked from making contact with A.

Mr A contacted TSB for help, but it told him that as he had authorised the payments, he was liable for the loss. Mr A made a complaint, he said it should have done more to protect him.

TSB didn't uphold the complaint, so he brought his complaint to this Service.

Our Investigator looked into things and said that Mr A was an innocent victim of a scam, which TSB's fraud guarantee says is covered. And that there wasn't anything in the guarantee that said scams, where the funds were initially transferred to a third-party account (such as a crypto wallet), wouldn't be covered.

TSB didn't agree and asked for an Ombudsman's review. It said its guarantee is clear in that the customer would need to be an innocent victim of fraud on their TSB account to be covered under the guarantee and in this particular case, Mr A's loss stemmed from a crypto wallet. It said Mr A made a payment to a legitimate account and the funds were received by the intended beneficiary. So, there was no loss on the TSB account and its fraud guarantee doesn't apply.

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.

The crux of this complaint is whether the money Mr A has lost should be covered under TSB's fraud guarantee and whether TSB has treated Mr A fairly and reasonably.

I've considered what both sides have said carefully. Having done so, I believe TSB should refund Mr A the amount he lost as a result of this scam. I'll explain why in more detail below:

Mr A says he was the innocent victim of fraud on his account which TSB's guarantee says is covered. He's explained the scammer persuaded him to make payments out of his TSB account to a crypto wallet from which the money was lost.

TSB disagrees. It says for its guarantee to apply, the fraud must happen 'on' its customer's account and there can be no intervening transfer between Mr A's account and the scammers. It says the loss didn't occur on Mr A's account – it occurred when the funds were transferred on from the crypto wallet.

TSB's website explains that its fraud guarantee, which was in place at the time of the scam, is a first in UK banking and it goes further to cover TSB customers against fraud than anything that has come before it. TSB's website explains that if a customer is clearly an innocent victim of fraud on their account, the money lost will be refunded – even if the customer makes an honest mistake. And I've seen on the TSB website there is a reference to the range of cover the fraud guarantee provides when compared to what is offered by other banks:

"How is the TSB Fraud Refund Guarantee different to what other banks offer?"

At the moment, there are certain times where banks are legally obliged to refund customers, however even these have loopholes. Our guarantee covers customers who are clearly innocent victims of fraud on their TSB account."

After reading TSB's website, I'm satisfied that what happened to Mr A should be fairly and reasonably covered under its guarantee. That's because the wording of TSB's guarantee implies that you will be covered if you're an innocent victim of fraud on your account (which I'm satisfied Mr A was) unless any of the exclusions apply.

So, after considering the wording of TSB's fraud guarantee, I believe its intention is to refund innocent victims of fraud – and Mr A is clearly an innocent victim here. A scammer contacted him to defraud him of the money that was in his TSB account. So, it's clear to me the scam took place on Mr A's TSB account as the intention was to remove all the money the scammer could obtain from his TSB account by telling Mr A to send the money to the crypto wallet and then on to the scammer - likely in the knowledge that this was more likely to be successful.

TSB hasn't raised any of the exclusions in its guarantee as a reason for declining Mr A's claim here because it doesn't think the fraud happened on Mr A's account. But I've considered the exclusions or '*times where the guarantee doesn't apply*' section of the guarantee anyway.

The exceptions explain that the guarantee doesn't apply where Mr A is involved in committing the fraud or if he has abused the guarantee by deliberately ignoring account safety information and/or making repeated claims. It also doesn't apply where Mr A has a dispute with a genuine merchant about goods or service. After considering these exclusions, I'm satisfied that Mr A's situation doesn't apply to any of them.

I understand the point TSB is making here that the money wasn't sent directly to the scammer in this instance, but I don't consider the wording of its fraud guarantee to be clear enough to exclude such a common technique used by scammers. I believe that a reasonable person would consider Mr A's loss to be covered under the fraud guarantee as it

stands. And if TSB wants to exclude this common type of scam, then it should be more specific, within its fraud guarantee, about what is and isn't covered

Putting things right

I'm satisfied Mr A's loss should be fairly and reasonably covered under TSB's fraud guarantee. So, it should refund him the total amount of payments lost to the scam.

I calculate this to be £40,890.

TSB should also pay Mr A 8% simple interest from the dates of the payments until payment is made to Mr A (less any lawfully deductible tax).

My final decision

I uphold this complaint TSB Bank plc should put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 October 2023.

Claire Pugh
Ombudsman