

The complaint

Mr M complains Tesco Personal Finance Limited trading as Tesco Bank won't reimburse funds he lost when he fell victim to an investment scam.

What happened

Our investigator didn't uphold the complaint because he didn't think any of the payments looked suspicious such that Tesco Bank ought to have made additional checks before processing any of them. He accepted second payment Mr M made on 14 May 2018 brought the cumulative total for the day to £7,389.12, but he didn't accept this would have been concerning as he told Tesco Bank on 11 May 2018 that he intended to make a larger payment, and so there would have been no reason for it to intervene, especially as there were no warnings about the payee.

Mr M's representative has asked for the matter to be referred to a decision arguing that the cumulative total of the two payments was concerning, and the third payment ought to have been considered unusual because he was sending funds to an international payee, and he didn't have a history of investing.

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.

Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Tesco Bank ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

I've reviewed Mr M's account and the payments he made to the scam. Having considered when they were made, their value and who they were made to, I'm not persuaded Tesco Bank ought to have found any of the payments suspicious, such that it ought to have made enquires of Mr M before processing them.

Mr M has told us that he was buying cryptocurrency, but that wouldn't have been apparent from the payee. Further, I accept the third payment brought the cumulative total for the day to £7,389.12, but Mr M told Tesco that he intended to make a larger payment and so even though he was sending funds to a new, international payee, the payments wouldn't have seemed suspicious. So, I don't think it needed to intervene.

Tesco Bank has explained that it asked Mr M for a One Time Pass-Code ("OTP"), and in the circumstances I'm satisfied this was proportionate to the risk presented by the payment. And even if I could expect it to have enquired about the third payment, I think it would've simply identified that this was a payment to a legitimate payee (about which there were no warnings), for the purposes of an investment.

Finally, Mr M's representative said he was scammed into buying cryptocurrency by Company P, but he wouldn't be able to get a refund under s75 of the Consumer Credit Act 1974 because the payments weren't made directly to Company P, so the debtor-creditor-supplier chain is broken. And he would have been out of time to raise a chargeback request.

I'm sorry to hear Mr M has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Tesco Bank is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 28 April 2025.

Carolyn Bonnell
Ombudsman