

The complaint

Ms T complains Tesco Personal Finance PLC, trading as “Tesco Bank” refuses to refund her for transactions on her account she says she didn’t authorise.

What happened

Ms T disputes several transactions on her account between 1 June 2023 and 6 June 2023 totalling £5,425.98. She says these are fraudulent transactions which she didn’t make or authorise. Ms T is unhappy Tesco Bank refused to refund her and also rejected her chargeback requests.

Tesco Bank says the evidence suggests these transactions were either made by Ms T or by someone else with her authorisation. It says it sent out one-time passcodes (OTPs) to her registered mobile device which was used to authenticate the payments. Tesco Bank says it also reached out to the merchants involved and the responses it received supported its decision to hold Ms T responsible. Tesco Bank says it refused to raise a chargeback because these were all reported as fraudulent, and the evidence strongly suggests they were not fraudulent transactions.

Our investigator considered this complaint and decided not to uphold it. Ms T was unhappy with this outcome, so the complaint has been passed to me for a final 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.

A consumer should only be responsible for transactions made from their account that they’ve authorised themselves. Ms T said she didn’t give any permission for the transactions in dispute to be made but Tesco Bank believes she did. My role then is to give a view on whether I think Ms T more likely than not authorised the transactions, based on the evidence I have available.

Tesco Bank has supplied evidence showing the transactions in dispute were all online purchases using Ms T’s credit card number, expiry date and CVV security number. Ms T says she has her credit card in her possession and no-one else has had access to it. Ms T says she lives with her partner, and believe now a new baby, and no-one else has entered her property who could’ve used it without her knowledge. Ms T also confirmed she hadn’t received any suspicious calls or messages around this time. So, I haven’t seen any evidence as to how someone else could’ve obtained her credit card details.

Tesco Bank have also evidenced that the transactions in dispute were authorised by an OTP sent to Ms T’s registered phone number, the same phone number she gave to our Service. This is also the same number she received a temporary security code to while on the phone to Tesco Bank and she confirmed that had she received it. The OTPs sent in relation to the transactions in dispute were all used to authenticate the payments and I think it’s unlikely the payments would’ve gone through had the correct OTP not been entered as Tesco Bank

says. So based on this evidence I think it's likely the OTPs were sent to Ms T's phone, and they were used to authenticate the payments in dispute.

Ms T told Tesco Bank she had never used any of the retailers the disputed purchases were made from. But one of the retailers responded showing Ms T had made a purchase from it previously and raised a chargeback saying the goods had never arrived. For the most recent transaction it responded with evidence that the product had been delivered to Ms T's address and said it had photos of the DPD delivery driver handing the package to a resident. Others responded evidencing that Ms T's name and correct phone number had been used for the transactions, and some responded showing the same delivery address as Ms T's home address. There is no evidence any of the products purchased were sent to a different name or address to Ms T's. So, it seems likely the products purchased were sent to Ms T.

Ms T maintains that these transactions are fraudulent, and she doesn't know how this has happened. She says she hasn't received any of the packages and so she shouldn't be held liable for the transactions. Tesco Bank suggested Ms T log this incident with the police and action fraud, but as of yet I've not seen any evidence she's done this. I've thought carefully about everything Ms T has said but without any evidence to support this, it wouldn't be fair for me to ask Tesco Bank to refund the transactions as unauthorised.

I've also considered the issue of the chargeback requests Ms T made. The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. As Ms T raised these transactions as fraudulent the only relevant ground for a chargeback is a fraud chargeback. However, Tesco Bank have refused this. Tesco Bank are within it's right to refuse chargeback which do not have a reasonable chance of success. And based on the evidence Tesco Bank has provided, I agree that a chargeback on these grounds wouldn't have had a reasonable chance of success.

I know this outcome will come as a disappointment to Ms T as I understand she is currently in financial difficulty. However, based on all the evidence I've seen I'm not persuaded the transactions are unauthorised, so I won't be asking Tesco Bank to refund them.

My final decision

For all the reasons outlined above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 26 November 2024.

Sienna Mahboobani
Ombudsman