

The complaint

Miss B complains that Tesco Personal Finance Limited trading as Tesco Bank ('Tesco') won't refund her the money she lost after she fell victim to a scam.

What happened

The background to this complaint is well known to both parties and has been laid out in detail by our Investigator in their view, so I won't repeat it all in detail here. But in summary, I understand it to be as follows.

In December 2023, Miss B met somebody, who I'll refer to as 'J'/the fraudster', through an online dating site. They communicated via messaging apps and voice calls and Miss B believed J was genuine and that they were developing a relationship.

After communicating for a few weeks, J told Miss B that they were a professional trader and suggested that she should invest in cryptocurrency, offering her financial help and telling her that they would refund any losses to her. J helped Miss B create what she believed to be a genuine trading account. Believing everything to be genuine, Miss B decided to invest. But unknown to her at the time, she was dealing with a fraudster.

As part of the scam, as well as using accounts she already held, Miss B was instructed by the fraudster to open multiple accounts, with other payment service providers as well as with cryptocurrency platforms. The scam saw Miss B move money between her accounts, including moving money from her Tesco credit card, to facilitate payments, with the funds subsequently being transferred into cryptocurrency and then moved to accounts that were controlled by the fraudster.

Miss B made the following transactions from her Tesco credit card account to an account she'd opened with another payment service provider;

7 January 2024	£903.78
10 January 2024	£1,250
15 January 2024	£800

Miss B has said she realised she'd been scammed, when she was repeatedly asked to pay fees, charges and taxes, when she was attempting to withdraw her money.

Miss B raised the matter with Tesco, but it didn't uphold her complaint. Tesco did recognise that it had made an error, in debiting a transaction fee twice, and in recognition of this credited Miss B's account with £25 by way of compensation.

Unhappy with Tesco's response, Miss B brought her complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld.

Miss B didn't agree with our Investigator's view. As agreement couldn't be reached, 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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'm mindful that, in her submissions to this service, Miss B has also mentioned actions that other banking providers take to protect their customers. However, it's important to note that bank's fraud detection systems do differ and I am not able to compare the actions of different banks here. I say that as the reasons why a bank's systems trigger will depend on the specific underlying circumstances surrounding a particular transaction. And those circumstances are likely to be different for each payment even if, on the face of it, they appear to be very similar.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. However, there are times when I might expect a bank to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Tesco) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from the possible risk of financial harm as a result of fraud and scams.

With this in mind, I've considered whether the transactions Miss B made were ones Tesco should have had particular concern about. In doing so, I'm mindful that payment service providers, such as Tesco, process a high volume of transfers and transactions each day. And a balance has to be struck as to when it should possibly intervene on a transaction against not holding up or delaying its customer's requests.

I don't doubt the payments represented a lot of money to Miss B. But when compared with other payments that Tesco processes daily, I'm not persuaded they were of values which I think would have appeared so suspicious or unusual to Tesco, such that they ought to have alerted Tesco to the possibility Miss B was being scammed or was at risk of financial harm.

I note that Miss B has said that Tesco should have invoked the Banking Protocol. While I've considered Miss B's point on this, invoking the Banking Protocol isn't a banking requirement. But rather, it is a tool that can be used by banks – where appropriate – to help identify and prevent customers from falling victim to a scam. In the circumstances of this complaint, for reasons explained above, as I don't think the payments would have appeared suspicious to Tesco, I'm satisfied it was reasonable for Tesco not to invoke the Banking Protocol.

All things considered, I don't think Tesco made an error in allowing the payments to be progressed or missed an opportunity to prevent the fraud.

I've thought about whether Tesco did all it could to recover Miss B's money once she had reported the scam to it. But given Miss B sent money to another account she held, before then exchanging it into cryptocurrency and then moving it on to accounts controlled by the fraudsters, there was little prospect of Tesco being able to recover any of the money Miss B sadly lost.

I'm mindful that Miss B has said she was vulnerable at the time the payments were made. But the evidence I've seen doesn't suggest that Tesco had been notified of any vulnerabilities or needs, such that it should have known to take additional steps to protect Miss B.

Distress and Inconvenience

I'm mindful that Tesco found that it made an error, in debiting a transaction fee twice, and in recognition of this Tesco awarded Miss B £25 by way of compensation.

I do appreciate the impact this matter has had on Miss B. But I mustn't lose sight that the main perpetrator of the financial loss, and of the cause of the distress here, is the fraudster.

I'm pleased that Tesco proactively recognised that the service it provided fell short of what could reasonably have been expected. The £25 it has paid Miss B is an amount in line with what I would have awarded. So, I don't think it would be fair or reasonable for me to order it to increase this amount.

I have a great deal of sympathy with Miss B being the victim of what was clearly a cruel scam, I understand this must have been a very difficult time for her and I don't underestimate her strength of feeling. But I don't find that Tesco has acted unfairly in processing the payments Miss B made and therefore isn't responsible for reimbursing her.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 10 September 2025.

Stephen Wise
Ombudsman