

## **The complaint**

Mr H has complained that Tesco Personal Finance Limited (trading as “Tesco Bank”) failed to protect him from falling victim to a purchase scam, and hasn’t refunded the money he lost as a result.

## **What happened**

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr H has explained that around May 2020 he saw a post on social media advertising motorcycles and motorcycle parts for sale. After viewing the seller’s profile, Mr H felt reassured as it appeared genuine and reflected a shared interest in motorcycles. He says the adverts seemed legitimate and the prices were reasonable for the items on offer.

Mr H began communicating privately with the seller whom he says appeared very knowledgeable about motorcycles, which gave Mr H confidence that he was dealing with a genuine seller. His first enquiry was about purchasing a fuel can for a classic motorbike. The seller provided multiple photos of the item and Mr H was satisfied with the quality. But as the seller was based overseas, Mr H says he requested proof of their identity before proceeding with a purchase. The seller responded by sending a copy of their ID along with family photos that matched the details on their profile. This convinced Mr H to proceed with the purchase.

The seller requested payment through a money transfer service, and Mr H sent £136.90 on 1 June 2020. After making the payment, the seller provided him with a delivery tracking number. Mr H explains that waiting several weeks for delivery was normal when ordering motorcycle parts internationally, so being told the item would arrive within a month didn’t raise any concerns.

As he was encouraged by the seller’s professionalism, Mr H explored more items they had for sale, including various vintage motorcycles. The items were reasonably priced and consistent with current market values. The photos shared by the seller appeared professionally taken in what looked like a warehouse, further supporting Mr H’s belief that this was a legitimate business. Given his experience in purchasing motorcycles and parts, nothing seemed out of the ordinary.

Mr H was particularly interested in purchasing an entire classic motorbike in parts after receiving photos of it. The seller explained that the parts would be shipped separately, which seemed reasonable to Mr H. He was used to sourcing rare motorcycle parts from overseas when they weren’t available locally, so this arrangement again didn’t cause him any concern.

Throughout their communication, the seller regularly updated Mr H and shared photos of additional motorcycles for sale. One of these was a rare model that caught Mr H’s interest. The bike appeared genuine, was reasonably priced, and aligned with what Mr H expected. On 2 July 2020, Mr H decided to purchase it but only paid half of the agreed price, totalling

£554.90. He says he chose not to pay the remaining balance after realising the fuel can he had purchased in June still hadn't arrived.

By 3 July 2020, when the fuel can still hadn't been delivered, Mr H raised his concerns with the seller. The seller's attitude became defensive and aggressive while continuing to pressure Mr H to make further purchases. Mr H says it was at this point that he realised he'd been scammed.

In order to make the payments Mr H made online payments to a global money transfer service using his credit card, which the recipient would collect in cash at a given location. As the transactions were made using Mr H's credit card he was charged an additional cash transaction fee of around 4% of the the payment amount.

The payments Mr H made as part of the scam were as follows:

Date	Amount
01/06/2020	£136.90
02/06/2020	£875.90
06/06/2020	£262.90
08/06/2020	£262.90
08/06/2020	£866.40
09/06/2020	£429.90
16/06/2020	£796.90
22/06/2020	£405.90
27/06/2020	£572.90
28/06/2020	£247.90
02/07/2020	£554.90
<b>Total</b>	<b>£5,413.40</b>

Once he recognised the situation, Mr H reported the matter to the relevant authorities and the money transfer service. He shared that he felt embarrassed about being deceived and found it difficult to talk about the experience.

Mr H has explained that he believed the transactions were genuine for several reasons. The seller was an active and established member of the motorcycle community, which gave credibility to their profile, and the adverts were detailed, with high-quality and professional-looking photos. The seller was responsive and maintained regular communication, and the ID they provided matched their profile. Additionally, he's pointed out that the prices of the items were reasonable and didn't appear suspiciously low.

Mr H made a complaint to Tesco Bank on the basis that it failed to identify the suspicious activity on his account. He added that the rapid crediting and depletion of funds to and from his account should've triggered alerts or manual reviews by Tesco Bank, and had it done so, the scam would've been prevented. Tesco Bank didn't uphold the complaint and in its response it noted that Mr H authenticated all of the transactions, either using a one-time passcode (OTP) or using his Tesco Bank mobile app. It said on that basis it didn't have any reason to be suspicious that the transactions weren't genuine.

Mr H remained unhappy so he referred the complaint to this service. To settle the complaint he requested that Tesco Bank refunds him all of the money he lost, as well as 8% interest and £300 compensation for the poor service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that he didn't think the size or pattern of the payments ought to have led Tesco

Bank to be suspicious that Mr H might've been falling victim to a scam, so he didn't think it ought to have intervened.

As Mr H didn't accept the investigator's opinion, the case has been passed to me to make 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.

I'm sorry to disappoint Mr H but having considered everything I'm afraid I'm not upholding his complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr H authorised these payments from leaving his account. It's accepted by all parties that Mr H gave the instructions to Tesco Bank and Tesco Bank made the payments in line with those instructions, and in line with the terms and conditions of Mr H's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

I appreciate how distressing this experience has been for Mr H, and I understand how significant the financial loss is to him. It's clear that Mr H is genuinely passionate about motorcycles and believed he was engaging with a trustworthy seller. But after carefully reviewing everything, I can't fairly say that Tesco Bank acted wrongly in this situation, so I'm not asking it to refund the money Mr H lost.

Tesco Bank has a responsibility to balance protecting its customers from fraud with allowing them to manage their finances without unnecessary interference. In this case, the payments Mr H made were not particularly high in value. On the day he made the most payments, there were only two transactions, totalling just over £1,100. This isn't an unusually large amount or the kind of activity that would automatically appear suspicious. Banks' systems are generally designed to flag transactions that clearly fall outside of a customer's usual spending pattern, or that raise obvious signs of fraud, but I don't think that was the case here.

I've also reviewed Mr H's wider account activity and it's clear that Mr H used his credit card regularly for payments of varying sizes that aren't dissimilar to those seen in this scam. The merchants' names suggest a large proportion of the transactions are made to retailers supplying products related to motorcycles, so again, I think this would've reinforced Tesco Bank's belief that the transactions were genuine and wouldn't have led to it believe Mr H was falling victim to a scam.

Although Mr H hadn't used this particular money transfer service before, it's a legitimate and widely used global payment provider. Many customers use the service for genuine transactions, and the use of it alone wouldn't have given Tesco Bank a reason to suspect anything was wrong.

Additionally, the payments Mr H made were spread over a period of more than a month. This kind of gradual spending pattern isn't typical of scams, which often involve rapid, high-value

or increasing transactions over a short period. In this case, the transactions varied in size and were spaced out with several days between them, and in my view there's nothing else about the spending pattern should've alerted Tesco Bank to potential fraud.

### Recovery of the funds

Tesco Bank hasn't provided information on whether it attempted to recover the payments. But in this case, I don't think that makes a difference.

The money transfer service used means funds are usually collected by the recipient in cash at one of its offices. And as Tesco wasn't made aware of the scam until over three years after it took place, I think it's reasonable for it to have concluded that all of the funds would've been collected by the scammer by that time and were therefore unrecoverable.

I do understand how disappointing this decision will be for Mr H, but based on everything I've seen, I'm satisfied that it was reasonable for Tesco Bank to allow Mr H's payments to be made uninterrupted. So I'm afraid I don't hold Tesco Bank responsible for what Mr H unfortunately lost.

### **My final decision**

I don't uphold Mr H's complaint against Tesco Personal Finance Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 12 February 2025.

Sam Wade  
**Ombudsman**