

## **The complaint**

Mr D complained because Tesco Personal Finance Limited, trading as Tesco Bank, refused to refund him for transactions which he said he hadn't made.

## **What happened**

In February 2024, Mr D contacted Tesco to query some transactions on his Tesco credit card. The transactions were made through Google Play. Mr D did use Google Play for genuine transactions, and Tesco advised him to contact Google Play. Mr D couldn't get through to them, so he got back in touch with Tesco. He reported nine transactions which had taken place between 6<sup>th</sup> and 9<sup>th</sup> February.

Mr D told Tesco that his email address had been compromised. He set up a new account with Google Play, and added his Tesco credit card details to the new account. But from 18<sup>th</sup> March there were more disputed transactions.

The total which Mr D disputed, including both the February set of transactions and the March ones, came to £1,818.78. Tesco gave Mr D a temporary credit while it investigated, but it refused to refund Mr D, and it re-debited the temporary credit. Mr D complained, both about not being refunded and the length of time it had taken. He said he wasn't intending to pay the disputed amount.

Tesco issued its final response letter on 31 July. It said that due to the complex nature of a fraud investigation, it could take a long time to complete the investigation. It pointed out that when it gave a temporary credit, customers were always told the account might be re-debited. Tesco said that it had reviewed the decision which the fraud teams had reached, and it had followed the right process and reached the right decision.

Mr D disagreed. Tesco refused to change the outcome.

Mr D wasn't satisfied, and helped by his wife as representative, contacted this service.

Our investigator asked both Mr D, and Tesco, for more information:

- Mr D said he does have an account with Google Play, which was linked to his email address. His mobile was protected by a unique pattern to be drawn and face recognition. No-one else had access to the phone or card. Nor had Mr D shared the details of either the phone or card.
- Tesco didn't provide the technical information that the investigator had requested. The investigator chased for this, but Tesco didn't reply.

So the investigator issued his view in favour of Mr D. The investigator pointed out that under the relevant Regulations, it was for Tesco to prove the disputed payments had been *"authenticated, accurately recorded, and not affected by a technical breakdown or some other deficiency in the service provided by the payment service provider."* Tesco hadn't provided this.

Tesco had also said that the phone and IP address (a unique computer identifier) linked to the disputed transactions was one which Mr D used regularly for undisputed payments – but it hadn't provided any technical evidence to support this either.

In contrast, Mr D had said that several of his accounts had been compromised, and that there was an identity fraud marker on his credit file which showed the email address which had been compromised was the one linked to the payments. Mr D also said that he'd had problems with his phone, which might have been some sort of malware which he'd reported to his phone provider. The investigator noted that Tesco had confirmed that its data supported the fact that Mr D had changed his phone after the fraud.

So the investigator upheld Mr D's complaint. But he pointed out to Mr D that if Tesco provided additional information before the date set for responses, he would review it. Similarly, if Tesco disagreed, it would be passed to an ombudsman for a final decision.

Tesco didn't respond to the investigator's decision within the set timescales. As it didn't reply, Mr D's complaint was passed to me for an ombudsman's decision. Tesco also didn't reply during the time when Mr D's case was in the queue for an ombudsman's 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.

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. Section 75 of those Regulations says:

*“75.—(1) Where a payment service user—  
(a)denies having authorised an executed payment transaction;  
...  
it is for the payment service provider to prove that the payment transaction was authenticated, accurately recorded, entered in the payment service provider's accounts and not affected by a technical breakdown or some other deficiency in the service provided by the payment service provider.”*

The “payment service user” here is Mr D, and the “payment service provider” is Tesco. So the regulations say that Tesco has to meet the requirements of section 75 and provide the relevant evidence about the two disputed payments.

There are two stages when considering disputed transactions. The first stage is authentication, which is what section 75 is about. Authentication is the technical process. If the payment service provider supplies evidence to prove this, the second stage is called authorisation. Authorisation is about whether the customer consented to the payment. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. But authentication, the technical part of the payments, comes first and is essential before going on to the second stage about whether or not the customer authorised the payments.

Here, Tesco hasn't provided evidence that the two disputed payments were authenticated. Nor in fact has it provided the requested evidence about the next stage, authorisation. I can see that our investigator requested the necessary information, and was clear and detailed about exactly what was required.

I've also checked the email address to which the investigator sent his information request, and his view. Both were sent to an email address from which Tesco had replied on other parts of Mr D's complaint. So I find that Tesco must have received the request, and the view, both of which set a timescale for responses.

As Tesco hasn't provided the necessary evidence, it hasn't satisfied the requirements of the Payment Services Regulations 2017 and is liable for the disputed payments. So I uphold Mr D's complaint.

### **My final decision**

My final decision is that I uphold this complaint. I order Tesco Personal Finance Limited, trading as Tesco Bank, to pay Mr D:

- £1,818.78 to refund him for the disputed transactions; and
- If Tesco charged interest on the disputed transactions, this too should be refunded to Mr D's credit card.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 23 May 2025.

Belinda Knight  
**Ombudsman**