

The complaint

Miss E has complained about TSB Bank plc not refunding several payments she says she made and lost to an investment scam.

What happened

The background to this complaint is well known to both parties, and is not in dispute, so I won't repeat it in detail here. In summary, Miss E was introduced to the scammer by a friend. The scammer told her he was a trader and worked for a company registered with Companies House. He told Miss E he could help her invest money, risk free, and that within 6-12 months she could double her money, or, he would personally guarantee her investment if she lost funds. Miss E saw the scammer regularly, he visited her at home, to discuss investing and life in general. She considered him trustworthy and a friend. So, she agreed to invest £20,000 and sent it to him over three payments with the reason being 'loan', as she expected the funds to be returned. The scammer continued informing Miss E that the investment was going well until he stopped responding to her, at which point she realised she had been scammed.

Miss E believes that TSB should have done more at the point she transferred the funds to the scammer. She believes if it had informed her that she could lose her funds to a scam that she would not have transferred them. TSB rejected her complaint and so Miss E referred it to us to investigate. She also highlighted that TSB did not conduct a thorough investigation prior to informing her she would not be receiving her money back. She was expecting to be contacted within three days as part of their data-gathering process, but this did not happen, despite her calling for updates.

Our Investigator didn't uphold the complaint as he didn't think that TSB could have prevented Miss E's loss. He found that TSB should have been concerned with payments 2 and 3 - but he was not persuaded had it intervened with a human intervention, that it would have stopped Miss E from proceeding. Miss E disagreed as she believes if TSB had completed the correct checks it would have made her stop and think if she was taking the right action.

Miss E disagreed with our Investigator and requested a final decision. The case has now been assigned to me to do so.

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 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 focused 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'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.

Miss E has lost a large sum of money and has my sympathy for this. I do not doubt the impact she has explained this situation has had on her. However, it does not mean she is automatically entitled to recompense by TSB – even if the loss was because of fraud or a scam. It would only be fair for me to tell TSB to reimburse Miss E for her loss (or a proportion of it) if: I thought TSB reasonably ought to have prevented all (or some of) the payments she made, or TSB hindered the recovery of Miss E's payments – whilst ultimately being satisfied that such an outcome was fair and reasonable for me to reach.

I've thought carefully about whether TSB treated Miss E fairly and reasonably in its dealings with her, when she made the payments and when she reported the scam, or whether it should have done more than it did. Having done so, I've decided to not uphold Miss E's complaint. I know this will come as a disappointment to her and so I will explain below why I've reached the decision I have.

I have kept in mind that Miss E made the payments herself and the starting position is that TSB should follow its customer's instructions. So, under the Payment Services Regulations 2017 (PSR 2017) she is presumed liable for the loss in the first instance. I appreciate that Miss E's intention was not to suffer a loss – but she did authorise these payments to take place. However, there are some situations when a bank should have had a closer look at the wider circumstances surrounding a transaction before allowing it to be made.

Considering the relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time - TSB should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

So, I've thought about whether the transactions should have highlighted to TSB that Miss E might be at a heightened risk of financial harm due to fraud or a scam.

I agree with our Investigator that when Miss E made the higher valued second payment of almost £10,000 that TSB ought to have first questioned Miss E prior to allowing it to be made. This payment was of such a level I think TSB should have been concerned. As highlighted by our Investigator, this payment was of a significantly higher amount than her usual account expenditure and it was to a new payee she had only added that day.

However, even if I was persuaded this was a scam from the outset, I do not think TSB could have prevented Miss E's losses. I say this because, although I do think TSB failed to intervene via human intervention before allowing the payment to be made, I do not think it would have made any difference. At the time of the transfer Miss E was under the belief it was a legitimate investment she was making through a friend that it appears she had a

reasonably close relationship with – as evidenced through him visiting her at home twice to discuss not only the investment, but general life. I am persuaded Miss E did believe she was investing in a legitimate venture or else she would not have been willing to engage with it, which would have impacted how she would have responded to TSB. I do not doubt Miss E's answers would have been open and honest, but on balance I'm persuaded by doing so her answers would have alleviated TSB's concerns and even had they given a general warning it would not have resonated with her. Additionally, I've not seen any evidence to show there were any wider red flags TSB should have been aware of. Therefore, the transaction would have been seen in the same way as Miss E saw it - paying her friend, who had a legally registered company, in which to invest in-line with her wishes.

I'll note for completeness, even had TSB intervened on payment 3, for similar rational as above I am not persuaded it would have done anything more than have ascertained Miss E was paying towards the same investment. On balance, I'm not persuaded that TSB should have been concerned with Miss E's payments as they would not have appeared to be suspicious or unusual. It would also not have been for TSB to assess and comment on the investment. This would have been outside of their remit of expertise. Ultimately, the payments she made at this point did not have any of the common characteristics to suggest Miss E may be falling victim to fraud or a scam. So, I would not have expected TSB to take any further action. Or, even if it had, I don't think a warning on balance would have resonated with Miss E.

I think it's also important to highlight that there are many payments made by customers each day. It's not reasonable to expect TSB to stop and check every payment instruction to try to prevent fraud or financial harm. There's a balance to be struck between the extent it intervenes in payments to protect customers and not unnecessarily disrupting legitimate payment instructions.

I'm very sorry to disappoint Miss E. However, I don't think TSB could have prevented the losses she incurred. So, it wouldn't be reasonable for me to ask it to refund the payments she made.

TSB's Fraud Refund Guarantee also does not apply as the payments took place prior to 14 April 2019. So, I cannot say TSB has to refund Miss E under this guarantee.

Recovery

TSB did attempt to recover Miss E's funds but was unsuccessful and confirmed no funds remained. Due to the passage of time between the payments and the recovery attempt this is not unusual – scammers will usually move funds quickly in order to evade recovery being possible.

Compensation

The main cause for the upset was the individual who persuaded Miss E to part with her funds. I appreciate that Miss E is concerned with the level of investigation which took place, and the general service from TSB surrounding her fraud claim. However, I do not think it did act incorrectly and ultimately the outcome reached was a fair one – having taken the steps I would have expected such as attempting to recover her lost funds. Had Miss E given further information to TSB, as she expected to do, I'm persuaded the outcome would have remained the same.

My final decision

My final decision is I do not uphold this complaint against TSB Bank plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss E to accept or reject my decision before 27 October 2025.

Lawrence Keath
Ombudsman