

The complaint

Mr F complains that Barclays Bank UK Plc trading as Tesco Bank won't refund the money he lost to an investment scam.

What happened

In 2023, Mr F says he decided to take up an investment opportunity after he was contacted by someone from a trading firm which I will refer to as "N". In October 2023, Mr F used his Tesco credit card to make two payments totalling £5,250. Mr F received two credits from N totalling more than £1,500.

Mr F says that another person from the trading firm contacted him in May 2024 to say that his original contact had been fired for operating an internal scam. Mr F continued to work with the new contact making trades but realised he had fallen victim to scam when he could not withdraw any money, and his account balance had fallen to zero.

Tesco didn't think that Mr F had conducted enough research before making the payments. It said the payments didn't trigger further checks. But even if even if they had, Tesco thought that Mr F would have proceeded with the payments as N was registered on the Financial Conduct Authority (FCA) website. Overall, Tesco wasn't convinced that Mr F was the victim of a scam, so it didn't agree to refund either of the transactions.

Our investigator didn't think it was clear that Mr F was the victim of a scam. He said that the businesses involved in the alleged scam, were still in operation and registered on the FCA website. Our investigator said the regulator hadn't published any warnings about the businesses which might have identified them as fraudulent companies. Our investigator said that Mr F hadn't provided persuasive evidence to demonstrate that he had been scammed.

Our investigator noted that Mr F had been able to withdraw funds from N back to his Tesco credit card. Overall, our investigator wasn't persuaded that the businesses complained about had been fraudulent.

Our investigator said that even if he accepted N was operating a scam, he wasn't persuaded the payments would have appeared unusual. So, there would have been no reason for Tesco to intervene.

Our investigator didn't think Tesco was liable to refund Mr F under section 75.

Mr F disagrees with the outcome. He says the scammer told him when to deposit funds so they could place the trades, and he had no control over which trades were made. Mr F says he doesn't have the skills or knowledge to place trades analysing specialist markets. Mr F points out that scammers can be employees of companies and that the broker continues to trade. Mr F has supplied screenshots of documents which he says show that the broker was operating a scam.

As Mr F remains unhappy with the outcome of his complaint, it has come to me to decide.

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.

Having done so, I am not upholding this complaint for broadly the same reasons given by our investigator. In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Where evidence is unclear or in dispute, I reach my findings on the balance of probabilities - in other words on what I consider is more likely to have happened based on the evidence available and the surrounding circumstances.

For the sake of completeness, the Contingent Reimbursement Model (CRM) Code doesn't apply in this case because Mr F made the payments using his credit card account.

Mr F doesn't dispute that he authorised the disputed payments from his Tesco credit card account. So, the starting point under the relevant regulations (in this case, the Payment Services Regulations 2017) together with the terms of Mr F's account, is that he is responsible for payments he's authorised himself.

Taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that in 2023, Tesco should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 banks are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – as in practice all banks do;
- have acted to avoid causing foreseeable harm to customers for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enable it to do so; and
- have been mindful of – among other things – common scam scenarios, the evolving fraud landscape (including for example the use of multi-stage fraud by scammers) and the different risks these can present to consumers, when deciding whether to intervene.

Although Tesco has a responsibility to protect customers against the risk of financial harm due to fraud, it isn't obliged to protect customers against the risk of bad bargains or give investment advice. So, before Tesco has any potential liability in the matter, I must first be satisfied the disputed transactions were lost to a scam.

When considering Mr F's case, I have paid attention to his testimony and supporting evidence of the scam. Although Mr F has supplied chat history from 2024, that postdates the

disputed transactions and doesn't evidence how the alleged scam began. So, I can't corroborate that any of the transactions complained about were sent under the instructions of a scammer. The screenshots Mr F sent in response to the investigation outcome appear to show online reviews and discussions about N rather than specific evidence of the scam he says he fell victim to. I appreciate that some of the things he's mentioned in his testimony raise concerns about the nature of what he was involved in – but, given the amounts involved, we couldn't safely conclude he was scammed without evidence to back up what he's said. Based on the limited information we have, it is difficult to find that Mr F was the victim of a scam, rather than a high-risk investment opportunity.

Whilst the trading platform is not regulated in the UK, it is still operational and used for genuine trading. I believe it's regulated by an overseas financial regulator. Because we have also considered other complaints made by Mr F about losses involving the same alleged scam, I know that N is part of a group of companies, some of which operate in the UK. The group company operating in the UK is regulated by the FCA and has confirmed that the trading account number provided by Mr F belongs to a group company operating overseas – suggesting that Mr F made the payments to the real N, rather than a cloned version.

Even if I were persuaded that the transactions related to a scam, it wouldn't change the outcome of Mr F's complaint, and I will explain why.

In Mr F's case, he used his Tesco credit card to make two payments to N - £250 on 2 October 2023 and £5,000 on 6 October 2023. Mr F received credits from N of £10 on 5 October 2023 and over £1,500 on 19 October 2023. Mr F's statements show that he frequently used his Tesco credit card to make payments to merchants, occasionally for sums in excess of £2,000. So, there was a history of using his credit card account for high value transactions. Meaning even the £5,000 transaction wouldn't have looked concerning out of character with previous usage. So, I am not persuaded that either payment to N should have appeared out of the ordinary to Tesco.

Tesco says that it wasn't aware that the payments were going to an investment platform. But even if this wasn't the case, although investment trading can be a high risk activity, the payments were going to a trading platform with nothing in the public domain at the time to suggest it was a scam. For all these reasons, I wouldn't have considered it necessary for Tesco to intervene in any of the payments Mr F made to N. So, even if N was operating a scam, I don't think Tesco missed the opportunity to uncover this.

The concerns identified by Mr F became known after he made the payments. So, even if I considered the payments he made were unusual – which I don't – I would find it unlikely that an intervention by Tesco in 2023 would have made a difference.

I have thought about whether Mr F could recover some or all the money he paid under section 75 of the Consumer Credit Act 1974. As our investigator told Mr F, if he had lost money because of a scam, he could not claim money under section 75 as the scammer wasn't paid directly. So, the requirement for there to be a debtor-creditor-supplier (DCS) agreement in place wouldn't be met.

If, as I believe, Mr F didn't lose money because of a scam, he may meet the DCS requirement, but it seems unlikely that he could provide evidence which shows that N made specific promises within a contract which it then broke. Or that he can supply written evidence that N misrepresented the investment to him which then resulted in a loss to Mr F.

If Mr F has evidence detailing exactly what N promised him as part of the investment

opportunity, he can of course approach Tesco to make a claim under section 75, subject to any relevant time limits. But as things stand, I don't have enough evidence to demonstrate that Tesco is liable to refund any payments under section 75.

I'm sorry to disappoint Mr F, as I know he has lost a significant amount of money. But I'm not satisfied that I can fairly ask Tesco to refund him.

My final decision

My final decision is that I don't uphold Mr F's complaint about Barclays Bank UK Plc trading as Tesco Bank.

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

Gemma Bowen
Ombudsman