DRN-5389165

The complaint

Ms J complains that TSB Bank Plc (TSB) didn't do enough to protect her from the financial harm caused by a cryptocurrency investment scam.

Ms J has been represented by a claims management company throughout her complaint. I have referred to them as Ms J's representatives.

What happened

Ms J met someone on a dating app and began to discuss investing money in cryptocurrency. The person she was talking to, claimed to be able to predict and time the markets. He told her to register for an account on a trading platform and after doing this, she started transferring money to an account that was set up for her there.

The person she was talking to, turned out not to be genuine though and Ms J was the victim of a scam. Ms J's representatives said there were 6 payments in relation to the scam that were made from her TSB account and were international transfers. These payments took place between 13 April 2024 and 2 May 2024 and were for £15,001.47.

The scam was quite sophisticated, and Ms J would have initially seen on the trading portal that she was making profits from her investment. In reality though, the money she sent over went into the hands of the scammer, and the information she was seeing on the trading portal was bogus.

When Ms J went to try and withdraw money from her account, she was met with a series of barriers to overcome, that involved her making more payments. This included a payment to upgrade her account to VIP status, and then a payment request for her to pay a large tax bill. Ms J realised shortly after paying this final payment that she had been scammed. She then reported the matter to the police and then to TSB.

TSB responded and said through its Fraud Refund Guarantee (FRG), that it would refund her any payments that she personally lost to the scam. It said though, that it wouldn't refund her all of the money she sent over to the scammer. It said she took out two loans with other firms, for £8,100 and £2,200 and she should look to have these amounts compensated back to her or have the debt written off by them instead. Rather than refund the total amount Ms J lost to the scam, this being £15,001.47, TSB decided instead to refund her £4,701.47, this being the total minus the total of the two loans in question.

Ms J was not happy with TSB's response and through her representatives, complained to our service about this. She felt TSB should have intervened and given her a warning about the payments she made.

In the meantime, TSB sent another response and said it should have offered 8% interest on the payment of £4,701.41 it had already made, and in addition, offered to pay £300 for the distress and inconvenience it had caused Ms J.

An investigator from our service looked into everything, and concluded TSB ought to have intervened with one of the payments, and that Ms J should also share some liability for what happened, but that this all didn't matter on this occasion, because TSB had an FRG, and so she needed to decide whether TSB should pay the remaining amount lost to the scam through this.

The investigator felt, after reading what TSB had said about the FRG, that it should. She also had gathered information from the two loan firms, and could see that neither of them was prepared to refund Ms J. She concluded that TSB should pay the remaining loss to Ms J, and that it should also pay interest and £300 distress and inconvenience as it had offered.

TSB disagreed with the investigator's findings. It said the investigator had concluded Ms J should take 50% liability for her loss but then concluded TSB should pay for all of the loss she had incurred. It said, regardless of this point, it was still of the view that the other two firms, that provided the loans, should look to refund Ms J the remaining amount.

The parties are still not in agreement, so Ms J's complaint has been referred to me for 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.

TSB has signed up to the Contingent Reimbursement Model code, being a set of principles that banks have signed up to regarding scam payments. In this case though, the code wouldn't apply, as it doesn't cover international payments, and this is what Ms J authorised on the six occasions payments left her TSB account. So, I haven't considered this any further.

As I just said, I think Ms J authorised the relevant payments, identified by her representatives as being made because of the scam. Under relevant regulation and the terms and conditions of her account, she is presumed liable for the loss. But that's not the end of the story. TSB ought to have been on the lookout for transactions that might have indicated a fraud risk. I would expect TSB to intervene in a manner proportionate to the risk identified.

In addition, between 14 April 2019 and 6 October 2024, TSB implemented its own 'Fraud Refund Guarantee' (FRG). It guaranteed that it would, in the majority of cases, refund any losses lost to a scam by one of its customers. As TSB hasn't refunded Ms J all of the losses she incurred, I have considered whether it has been fair and reasonable to her, in relation to this.

Before, I go on to consider whether TSB fairly applied the rules of its own FRG scheme and what this means for Ms J, I would like to clear up matters regarding whether Ms J should share liability for her losses, as has been discussed before now by the investigator and TSB.

I can see that the investigator, followed a series of questions that our service would in any normal set of circumstances, go through, to establish whether TSB did all it could in the circumstances of Ms J's complaint or whether it ought to have done more, and if so what more likely than not would have happened. Then as is our service's approach, she considered whether Ms J ought to have taken some responsibility for what happened too. I can see what the investigator was trying to do here, she was being thorough and worked through Ms J's case in a methodical way, going through each step of her investigation. I don't think there was anything wrong with this, because the investigator then got to the crux of Ms J's complaint, and this was whether or not TSB ought to have paid all of the payments lost to the scam through its FRG.

This leads me to what I need to decide here, whether TSB's actions and offer of compensation is fair and reasonable or not. It said it shouldn't have to refund £10,300 of Ms J's losses, as they have come from loans taken out because of the scam, with two other firms. It has instead refunded the rest, amounting to £4,701.47 and offered to pay interest and £300 for distress and inconvenience it said it has caused.

I have looked into this and looked at what TSB has said about its own guarantee here. I can see all the payments were made by Ms J when the FRG was in place and before the date it ended. In addition, I have not been able to read anything from TSB, where it specifically stipulated it would not refund money lost to the scam, that has come from a loan from another firm. I also haven't seen anything else in the FRG criteria, or any arguments put forward by TSB in this complaint, that would persuade me that it shouldn't have included all of the money Ms J lost to the scam within its FRG here either.

TSB said that Ms J should go back and try and get the loan amounts written off or ask to be compensated by the two loan firms. But it has seen, as have I, correspondence from both firms, where they have confirmed the loans have been repaid by Ms J and that neither of them will compensate Ms J for any loss incurred by her on this occasion.

This means the other two firms haven't paid any money to Ms J, and she still has a significant part of the loss outstanding here. I am persuaded that TSB should have paid all of Ms J's losses back to her, as part of its FRG. So, it stands to reason that it should now go on and pay Ms J what she has lost here, minus the amount that it has already paid her.

So, with what I have concluded in mind, I uphold Ms J's complaint. It is now time for TSB to put things right.

Putting things right

TSB has offered to pay Ms J £300 for the distress and inconvenience it has caused her, in dealing with this complaint. I think this is a fair and reasonable offer for it to have made, in all the circumstances. In addition, as I have concluded above, it should now pay the remainder of Ms J's losses with additional interest.

To put things right TSB should:

- Pay Ms J £15,001.47, this being the total amount she has lost to the scam, minus £4,701.47, being the amount, it has already paid her.
- Pay 8%* interest on all of the payments Ms J made to the scammer. It should take each payment on the date it was made and pay interest up to the date of settlement.
- Pay £300 for the distress and inconvenience it has caused.

*If TSB Bank Plc considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms J how much it's taken off. It should also give Ms J a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold Ms J's complaint about TSB Bank Plc. TSB Bank Plc should put things right as I have described above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms J to accept or reject my decision before 20 August 2025.

Mark Richardson
Ombudsman