

The complaint

Mr O and Mrs S complain TSB Bank plc closed their account and added Mrs S' details to a fraud database.

What happened

Mrs S was sent three payments on behalf of her father, and all three were raised as fraudulent. TSB spoke to Mrs S after the first payment and she explained the money she received was owed to her father, but it was paid into her account.

Mrs S was asked about a second payment she received and gave broadly the same reasons for why she'd received the money. TSB wasn't happy with Mrs S' response so it closed Mr O and Mrs S' account and loaded Mrs S' details to a fraud database.

Mrs S complained, and TSB responded to say it had applied a fraud marker, reviewed this decision and wouldn't be removing it.

Unhappy with this answer Mrs S brought her complaint to this service. An investigator looked into things but didn't think Mr O and Mrs S' complaint should be upheld.

The investigator thought Mrs S hadn't properly explained why this money couldn't have been paid direct to her father. And the investigator said only some of the money was moved to Mrs S' father, some of the money was sent by Mrs S to another person.

Mrs S disagreed and said she had messages from her father showing it was him expecting the payment and he asked for it to be forwarded on. Mrs S asked for an ombudsman to decide things.

My provisional decision

I thought Mr O and Mrs S' complaint should be upheld, so I issued a provisional decision, and in it I said:

Although this complaint is about a joint account, held by Mr O and Mrs S, the main issue, the fraud marker, affects Mrs S, so I'll mostly refer to Mrs S only.

For TSB to fairly load Mrs S to a fraud database it needs to show Mrs S received fraudulent money and was somehow complicit in the receipt of this money or should reasonably have been aware the money she received wasn't legitimate.

There's no dispute Mrs S received fraudulent money into her account. Mrs S says the people sending it raised a malicious fraud claim as they didn't want to repay her father, but I don't think this is the case.

I think it's more likely the people sending Mrs S money were somehow scammed into sending this money to her. I don't think this was money owed to Mrs S' father for money he'd

previously lent to someone else.

But I've read the messages Mrs S has from her father, and it seems he knew this money was coming into Mrs S' account, and he asked her to pay some back to him and some to another person.

Mrs S has received money from her father before, in the messages Mrs S sent there's mention of some money for a rental property, and I can see on her statement this was paid in. Mrs S has also sent money to her father before she passed on the fraudulent money.

I'm satisfied Mrs S paid her father some of the money she received and sent the rest elsewhere, but all at his direction.

I don't think Mrs S was complicit in the fraud, I think it's more likely she was used as a money mule, her account was used to accept the fraudulent payment.

Since I think Mrs S was a money mule, I need to consider whether she should reasonably have been aware this money wasn't legitimate.

Looking at what Mrs S has sent us, the messages and the previous payments between her and her father, I don't think Mrs S should reasonably have been aware there was anything wrong with the money she received.

TSB has said, in its submissions, it can still make a fraud database loading even if the customer isn't directly complicit in being the beneficiary of the fraudulent money. I don't think this is entirely correct or in line with the fraud database's own rules on money mules.

Where TSB can't show complicity, and I don't think it can here, then it needs to think about whether Mrs S is a knowing, or witting, money mule. I don't think TSB has shown Mrs S is, and I think the messages Mrs S has sent in shows she isn't.

The bar for a fraud database loading is rightly high, it can have a serious impact on someone. This bar is higher than this service's usual balance of probabilities, so what's more likely to have happened.

I don't think TSB has met this higher evidential bar to say Mrs S knew, or should have known, she was doing the wrong thing in accepting this payment. And I think Mrs S has sent this service enough to add sufficient doubt she knew what was happening.

TSB closed Mr O and Mrs S' account, and, in the circumstances, I don't think this was an unreasonable step for it to take. Mrs S had received fraudulent money into the account, and this was an immediate risk to TSB.

Even though Mr O and Mrs S weren't given any notice of the closure, I still think this was a fair step for TSB to take.

And I'm not entirely persuaded TSB was wrong when it loaded Mrs S to the fraud database. Mrs S has since sent in further submissions she didn't send TSB at the time, and this is a balanced decision.

Overall, I don't think TSB needs to pay Mrs S compensation for what happened, it wasn't entirely unreasonable for TSB to load Mrs S to the fraud database.

But, with the further submissions Mrs S has sent in, I think it's fair for TSB to now remove the fraud database loading.

Responses to my provisional decision

Mr O and Mrs S responded to say they accepted my provisional decision, but TSB didn't respond, so I'll have to decide this complaint.

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.

Since TSB didn't respond, I don't have any further information which might change my mind, so my final decision is unchanged, for the reasons I laid out in my provisional decision.

My final decision

My final decision is I uphold this complaint and TSB Bank plc should remove any fraud database loadings it applied against Mrs S.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O and Mrs S to accept or reject my decision before 26 June 2025.

Chris Russ
Ombudsman