

The complaint

Miss F complains that TSB Bank plc ('TSB') won't refund the money she says was lost as the result of a scam.

What happened

In 2023, Miss F found an advert for investment in artwork and artwork royalties. I'll refer to the company offering the investment as M.

Miss F made two payments from her TSB account in April 2023. The first payment of £700 was the deposit for a specific piece of art. The second payment of £6,300 was the balance of the purchase price for that piece of art.

Miss F says she hasn't received the royalties on the artwork she purchased, the artwork hasn't been sold as requested, and M has refused to buy it back – which was part of their agreement.

Miss F raised a fraud claim with TSB, through a professional representative, asking that they refund her. TSB declined to refund Miss F, saying M traded between October 2015 and October 2023 before entering voluntary liquidation – so they aren't liable for her loss.

Miss F wasn't happy with TSB's response, so she brought a complaint to our service.

An investigator looked into Miss F's complaint but didn't uphold it. The investigator wasn't satisfied that Miss F had proven she was the victim of a scam, so she isn't entitled to a refund under TSB's fraud refund guarantee.

Miss F's representative didn't agree with the investigator's view and asked for an ombudsman to review the case. The representative provided extensive evidence in relation to another company, that I'll refer to as S. The representative says:

- M's history follows a similar pattern to S's, which is a scam.
- Some banks have refunded customers who invested with M.
- The director of M is wanted by the UK police for unrelated criminal activity.
- We need to take into account the beneficiary account, and the final destination of Miss F's funds.

The representative also provided links to online articles relating to investors who purchased art from M who believe it is a scam.

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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account 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.

Where there is a dispute about what happened, and the evidence is incomplete or contradictory, I've reached my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in light of the available evidence.

In broad terms, the starting position at law is that TSB is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. It's not in dispute that Miss F authorised these payments, although she did so not realising she was the victim of a scam.

TSB aren't signed up to the CRM Code, so I can't apply its provisions. But TSB offer a Fraud Refund Guarantee.

Is Miss F entitled a refund under TSB's Fraud Refund Guarantee?

The TSB Fraud Refund Guarantee applies for fraud transactions made between 14 April 2019 and 6 October 2024. It says "*the guarantee doesn't cover purchase disputes, where you pay for something with your TSB account and the goods or services don't meet your expectations. This could be if the item arrives differently to how it was described.*"

Having carefully reviewed the evidence I'm satisfied that TSB have acted fairly in declining to refund Miss F under their Fraud Refund Guarantee. I say this because I'm not satisfied that Miss F has shown that the loss she has suffered is as the result of fraud or a scam. I'll explain why.

M was a UK incorporated company that was set up in April 2017. They had a physical gallery in London where they exhibited artwork, as well as a virtual gallery, and had professional marketing material which highlighted artwork and artists they were working with. Miss F also says that M was listed with a well-known and reputable online art gallery. I realise that M dissolved in December 2024, but there isn't any evidence that M wasn't operating legitimately at the time Miss F made her payments.

It's possible that M may've dissolved due to financial difficulties or mismanagement, but that doesn't necessarily mean that Miss F was the victim of fraud or a scam. Miss F says she attended the gallery and saw at least one of the pieces of art she bought. And she hasn't provided any evidence that shows she isn't the owner of the artwork she paid for, or that it isn't still held by M.

We've received third party information from the receiving bank which I can't disclose due to GDPR regulations. However, that doesn't prove that Miss F's funds weren't used for the intended purpose by M.

Miss F's representative has provided extensive evidence relating to S. However, their evidence doesn't show a link between S and M, other than a claim that the director of M used to work for S. But that link, in and of itself, doesn't prove that M were operating a scam.

We've also been given links to online articles about other clients who purchased art from M who are dissatisfied, have been unable to recover their investment or believe the investment was a scam. But these are allegations and aren't supported by evidence. And the situation

is the same for the representative's point that the director of M is wanted by the police for "unrelated criminal activity".

I appreciate that it is difficult in this situation for Miss F to show that M defrauded her, however that evidence may come to light at a later date following an investigation by an external organisation, for example, the police or Trading Standards. If that happens, Miss F can ask TSB to reconsider her fraud claim.

Is there any other reason I could TSB liable for Miss F's loss?

There is an expectation for TSB to be on the lookout for, and to protect its customers from, potentially falling victim to fraud or scams. This includes monitoring accounts and identifying suspicious activity that appears out of character. Where potential fraud is identified, I would expect TSB to intervene and attempt to prevent losses for the customer.

However, even if I was satisfied that they should've intervened, I'm not satisfied that they would've prevented Miss F's loss. I say this because I'm not persuaded that the information Miss F would've shared in response to questions TSB might've asked, would've been concerning or meant that TSB would've identified an APP scam risk.

Miss F had been to M's gallery, knew they were listed with a reputable online gallery and received professional marketing material. Also, Miss F had spoken to an acquaintance who knew another investor who had purchased artwork from M. So, all of the information available to Miss F and TSB suggested that this was a legitimate investment. For those reasons, I'm not persuaded that TSB could fairly have refused to follow Miss F's payment instructions or prevented Miss F's loss.

Miss F's representative says that other banks have refunded customers who have invested with M – but that doesn't mean that I can fairly require TSB to refund Miss F.

I'm really sorry to disappoint Miss F, but based on the evidence, I'm not satisfied that I can hold TSB liable for her loss or ask them to refund her.

My final decision

My final decision is that I don't uphold this complaint against TSB Bank plc.

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

Lisa Lowe
Ombudsman