

The complaint

Mr A is complaining about TSB Bank plc because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr A fell victim to a cruel purchase scam after he didn't receive goods he'd purchased online from what he believed to be a legitimate seller. In July 2025, he made three payments to the scammers that went via his account with an Electronic Money Institution (EMI) - £24.33 on 14 July, £20 on 24 July and £717.42 on 27 July. £20 was returned to the EMI and refunded to Mr A the following month but the rest was lost.

Our investigator didn't recommend the complaint be upheld. He didn't think TSB should have identified the risk of fraud or intervened in the payment process.

Mr A didn't accept the investigator's assessment and made the following key points:

- TSB should have identified these were high-risk payments – they ultimately went to new overseas payees via an EMI that's commonly used to facilitate payments to fraud, yet he received no warnings about scams.
- TSB failed to meet the standards set in the Financial Conduct Authority's (FCA's) Principles, particularly those requiring it to act with due skill and care and to treat customers fairly.
- TSB declined to raise a fraud claim, instead telling him to contact the EMI. A more appropriate response would have increased the chances of recovering his money.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Mr A authorised these payments. In broad terms, the starting position at law is that a bank is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, *'authorised'* essentially means the customer gave the business

an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

TSB also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether TSB acted fairly and reasonably in its dealings with Mr A.

The payments

I must take into account that many similar payment instructions TSB receives will be entirely legitimate and I also need to consider its responsibility to make payments promptly.

Having considered what TSB knew about the payments at the time, I'm not persuaded it ought to have been particularly concerned about them. The payments were for relatively low amounts and went via an EMI, meaning the bank didn't know the ultimate destination. Further there were only three payments and they were spread out over a period of two weeks, meaning a pattern of multiple, rapid and increasing payments consistent with many known types of scam hadn't begun to emerge. In the circumstances, I don't think there were sufficient grounds for TSB to think that Mr A was at risk of financial harm from fraud when he made the payments and I can't reasonably say it was at fault for processing them in line with his instructions, or that it otherwise failed to follow regulatory principles or other guidance.

I want to be clear that it's not my intention to suggest Mr A is to blame for what happened in any way and I can see he carried out detailed research in an attempt to verify the legitimacy of the seller. But unfortunately this wasn't enough to prevent him falling victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of TSB and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

The payments went via an EMI to an overseas account, meaning Mr A isn't entitled to a refund under the industry's reimbursement scheme for authorised push payment (APP) fraud. Nonetheless, I've looked at whether TSB could or should have done more to try and recover his losses once it was aware that the payments were the result of fraud.

The payments went via a legitimate account with an EMI before it was moved to the scammers and TSB could only try to recover money from the EMI. It's a common feature of this type of scam that the scammers will move money to other accounts promptly to frustrate any attempted recovery and the EMI has confirmed that this was indeed the case here, with the receiving accounts being emptied within hours of the payments being received. In the circumstances, I don't think anything that TSB could have done differently would have led to these payments being successfully recovered.

In conclusion

I recognise Mr A has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think TSB acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 24 March 2026.

James Biles
Ombudsman