

The complaint

A limited company 'A' complains that TSB Bank Plc (as the recipient bank) didn't do enough to prevent the loss they suffered when A was the victim of a scam.

The complaint has been brought by Mr S (who is a director) on A's behalf. But, for ease of reading, I'll mostly just refer to Mr S himself where I mean his company, A.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here. In November 2021 Mr S instructed two payments from A's account with 'M' to an account controlled by another business I'll refer to as 'P' which was held with TSB. The payments took place on 26 November 2021 and were each for £10,000.

At the time, Mr S says he believed he was making an investment on A's behalf into P. The contract he's shared indicates that Mr S would lend P £20,000 for a one-year duration after which he'd be repaid. And whilst no interest was payable, Mr S would receive 4,000 shares in P.

Mr S describes how he was introduced to the investment by a financial adviser who had met P's owners and done a great deal of research. He also had other friends who had invested with P and conducted his own extensive research. He says the same person who initially introduced him later told him he'd discovered P were operating a scam. The matter was reported to the police and Mr S complained to both M and TSB.

Neither M nor TSB provided any redress. Mr S referred his complaint about TSB to our service and ultimately, one of our Investigators didn't recommend it should be upheld. As a very broad summary she didn't think TSB were responsible for Mr S' loss. Mr S disagreed and asked for an Ombudsman to review his complaint.

In November 2025 I issued a provisional decision in which I said:

"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'm intending to reach the same overall outcome as our Investigator. But, as my reasons are different, I'm issuing this provisional decision to give both sides a further opportunity to comment before my decision is finalised.

Firstly, there is no automatic right to a refund from TSB for Mr S in the circumstances here. Even where I accept that he's been scammed and that TSB provided the account he sent money to. It would only be fair and reasonable for me to direct TSB to do more if I think there are failures by them which caused the loss to Mr S. I don't think there were, and I'll explain why.

Firstly, I'm satisfied that TSB followed their process and made appropriate checks before opening the account in question. This included conducting electronic identity checks on the directors. I don't think there was anything at the time that meant TSB reasonably could've anticipated that the account would later go on to receive payments as a result of a scam. It follows that I don't think there were any failures by TSB in relation to their opening of the account which impacted Mr S' loss.

I'm also aware that P itself was structured in such a way that there were several separate limited companies that seem to be part of a group and as a minimum were linked by a shared director. And I'm also aware of at least one other account held by some of these linked companies, and the likelihood is that they each had access to bank accounts of their own. The relevance of this is that even if there were failings by TSB in their monitoring of P's account with them, and this would've resulted in the account being closed prior to the arrival of Mr S' funds. I don't think this would've impacted him as it's more likely than not that he instead would've been directed by the scammer to pay one of the other accounts they controlled.

The evidence I've seen does show that TSB were monitoring P's account. One example of this is when they asked their accountholder for proof of entitlement to incoming payments and invoices were provided. And whilst TSB haven't been able to provide the evidence of what was shared (due to the passage of time), it most likely would've appeared entirely legitimate (as did Mr S' loan agreement with P).

The turnover of funds arriving in the account was greater than what P told TSB it anticipated during the account opening process. And a significant amount of the outgoing payments over the life of the account seem to have gone to another account held by a linked part of P who banked elsewhere. Even if I were to make several assumptions in Mr S' favour as to what actions TSB might have taken with regard to reviewing the activity on their customer's account. I don't think this ever would've got to the point where the scam would've been uncovered.

The weight of the evidence suggests that this was a sophisticated scam. The accountholders were prepared to engage and explain activity or payments on the account when asked. At best, TSB might have concluded the activity was outside of their risk appetite and closed the account. But this wouldn't have impacted any of the other linked parts of P or the accounts controlled by at least one of the same directors. So, I don't think this would've accelerated the timeline of what actually caused the discovery of the scam (which I understand involved one of the main investors making an international trip and conducting his own investigations).

Mr S' payments arrived in the account on 26 November 2021 and were spent / sent on soon after. In the context of the established pattern of account use, there was nothing unusual about the arrival and spending of Mr S' money. The payments would've appeared to have been intended for the named accountholder. And the first report of fraud that TSB received in relation to the account wasn't until around a year later. So I also don't think there was anything TSB reasonably could've done at that point to assist or that was likely to have resulted in a recovery.

For completeness, Mr S has also mentioned the Lending Standard's Boards Contingent Reimbursement Model (CRM Code). This was a voluntary scheme which was in place at the time of his payments through which victims of scams could sometimes recover losses to scams from the banks involved. He's highlighted how other victims of the same scam have got their money back under the CRM Code (through other banks / Payment service providers, PSPs). He thinks TSB should provide him with a refund on that basis. I've considered this but I don't agree. TSB weren't a signatory to the CRM Code and there was

no obligation for them to be. So, it can't be used as a reason in this case to direct that they do more.

TSB do also have a 'fraud guarantee' for their own customers. But this too isn't applicable. It is intended for TSB's own customers. And here Mr S sent money from A's account with M to the TSB account. I don't agree with Mr S' suggestion that this makes him a customer of TSB. And even if A are a customer of TSB through holding another account with them, this wouldn't make the fraud guarantee applicable as it wouldn't involve payments from that account.

Overall, I'm of course sorry to hear Mr S lost the money he did through no fault of his own. And I can quite understand why it feels unfair to him that others in similar circumstances might have received redress from their banks. But despite my natural sympathy, my role requires that I remain impartial. And because I don't think TSB are responsible for his loss, there isn't a reasonable basis upon which I can require them to do more to resolve this complaint."

TSB didn't respond to my provisional decision. Mr S provided a response which I'll address below.

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 relation to the payments that form the basis of this complaint, Mr S wasn't a customer nor did he have any agreement with TSB. TSB were providing banking services to their customer when accepting Mr S' payments onto the account. As such, TSB don't have a contract with Mr S nor do they owe him a duty of care. That being said, our service's jurisdiction does allow us to consider Mr S' complaint. And if there had been failures by TSB which had caused a loss, I would consider it fair and reasonable for redress to be paid. But without a causal link between any act or omission by TSB, I can't fairly make an award.

As I mentioned in my provisional decision, there are certain schemes that might have been applicable to others in similar circumstances to Mr S (such as the CRM Code), but none of these are applicable here. Which just leaves us with the only potential basis for award being a failure by TSB which could be said to have caused the loss. The fact that others might have received redress from their banks, doesn't mean TSB (as the recipient bank) are obliged to do the same, just because it is accepted that Mr S has been a victim of a scam.

Mr S has said that he would like to see the specific checks TSB conducted when opening the account. Firstly, the nature of the alleged scam isn't that the accountholders weren't who they said they were. And secondly, this isn't information that I can share with Mr S as it contains third party data. One of the rules that govern our service (DISP 3.5.9 – which can be found on the FCA website) says that I can accept evidence in confidence. In my provisional decision I've described that evidence, specifically that I've seen that TSB conducted appropriate checks which included electronic identity checks that would've checked the directors identity as well as checking the details of P on companies house. I maintain that there weren't account opening failures that contributed to the loss.

I can confirm to Mr S that, when opening the account, P told TSB that it anticipated a turnover of around £900,000 and as I've said before, the funds moving through the account were in excess of this amount. But despite this, my point still stands that even if TSB had

been concerned about the activity on the account, I'm not persuaded this would've impacted the position Mr S now finds himself in.

Mr S questioned the relevance of my finding that even if TSB had closed this account, that he most likely would've instead have been directed to have paid another account. He believes he would've been in a better position if he had as he thinks this would've been an account with 'H' and that he would've been covered by the CRM Code. The relevance of this is to show that I don't think there is the causal link that I've referred to above between TSB's actions in relation to this account and the loss suffered, as we know P had access to and control of other accounts elsewhere. And for completeness, Mr S still wouldn't have been covered by the CRM Code in a situation where his provider 'M' wasn't a signatory, even if the recipient bank had been. Redress under the CRM Code requires that the bank from where the funds were sent was a signatory and doesn't apply when only the recipient bank is.

Mr S thinks it's unreasonable that TSB haven't been able to provide some of the evidence I've referred to above, specifically proof of entitlement to incoming payments. He says that they should've retained the data for six years. I can only base my decision on the available evidence. TSB have said that specific evidence is no longer available, so I've made my finding on balance that it would've been broadly similar to the agreements that Mr S himself had with P and would've appeared plausible. Even if this is something that TSB ought to have retained for longer, this in and of itself isn't a reasonable basis upon which I could find in Mr S' favour. This is for much the same reasons as I've already set out. If TSB weren't satisfied with the evidence, they likely would've concluded that P as a customer was outside their risk appetite (and have gone on to close the account). But they wouldn't ever have likely been in a position to confirm that a scam was taking place at that time and P most likely would've continued their activity through one of their alternate bank accounts.

Mr S has also suggested that our service get in contact with a police officer and the liquidator. Respectfully, that isn't something I think I need to do to decide the complaint. It is for Mr S to make his representations in support of his complaint. And I don't dispute that he's been a victim of a scam. Whilst I understand Mr S' strength of feeling, nothing he has sent in in response to my provisional decision has persuaded me to deviate from the outcome I've previously explained. As I've said before, even if I make several assumptions in Mr S' favour, this complaint still fails on causation. In summary:

- If the account never should've been opened or if TSB failed to appropriately monitor it prior to the arrival of Mr S' payments, then I don't think this would've impacted his loss. I don't think it would've got to the point where the scam would've been uncovered sooner and consider it most likely that Mr S would instead have been directed to pay other parts of P or other accounts elsewhere.
- The arrival and spending of Mr S' payments was in line with the prior account activity, so it wouldn't have stood out as being uncharacteristic and isn't something I think TSB needed to intervene in.
- For the same reasons as those set out above, I don't think there was anything TSB reasonably could've done that would've resulted in the recovery of the money Mr S paid into their customers' account.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask A to accept or reject my decision before 7 January 2026.

Richard Annandale
Ombudsman