

The complaint

Mr K complains TSB Bank plc didn't process a chargeback for a purchase he made from a third party company. Mr K explained the company didn't supply the goods he paid for and has now gone into liquidation.

What happened

Mr K explained he paid a deposit of nearly £2,000 to a company for bespoke furniture. Mr K explained there were repeated delays with supplying the goods and the company declined to provide a refund. Mr K explained the company has now entered liquidation and he is listed as an unsecured creditor in this process.

Mr K said he asked TSB to raise a debit card chargeback on the basis he hadn't received the goods he had paid for and provided evidence of this to TSB. Mr K said, despite this, TSB had refused to pursue a chargeback when it should have, and has described the situation as a civil dispute between Mr K and the company involved.

Mr K explained TSB's refusal had caused him financial loss, distress and inconvenience and he didn't think TSB had acted fairly or reasonably. He wanted TSB to refund the money he had paid to the company and pay compensation for the distress and inconvenience TSB had caused him.

TSB wrote a final response letter to Mr K. TSB said it hadn't made a mistake and maintained the issue was a civil dispute between Mr K and the company involved. TSB confirmed it didn't consider this to be a scam and didn't think Mr K was intentionally misled by the company.

TSB also confirmed the payment was a faster payment and as such there were no chargeback rights associated with this transaction. TSB explained it did raise an indemnity with the receiving bank after Mr K claimed the company was fraudulent. The receiving bank rejected the payment was acquired fraudulently and said the company in question was a genuine company.

Our investigator didn't think TSB needed to take any further action. They accepted the payment was a faster payment and not a debit card transaction and TSB therefore couldn't process a chargeback. They also didn't think TSB needed to have done more to either check the payment or educate Mr K about faster payments at the time he made the payment.

Mr K rejected our investigator's recommendation, explaining the company hadn't entered liquidation when he first raised the issue with TSB. He also explained TSB had failed to clearly inform him about the difference between a card payment and a faster payment. He also argued there was an option for reimbursement of faster payments for certain types of scams and therefore doesn't accept TSB couldn't do anything.

As Mr K has rejected our investigator's recommendation, his complaint has been passed to me to make a final 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.

I was sorry to hear about the issues Mr K had with the company in question and appreciate how strongly he feels about his complaint. Although I may not mention every point raised, I have considered everything but limited my findings to the areas which impact the outcome of the case. No discourtesy is intended by this, it just reflects the informal nature of our service.

Where evidence is incomplete, inconclusive or contradictory, I have to make decisions on the balance of probabilities – that is, what I consider is more likely than not to have happened in light of the available evidence and the wider surrounding circumstances.

Mr K's initial complaint was TSB didn't raise a chargeback for the payment he made. This is a process which is sometimes available through the card scheme issuer when a payment card is used for a transaction.

I am reasonably satisfied both parties now recognise the chargeback option wasn't available to Mr K as the transaction was made as a faster payment, not a debit card payment.

Having examined the file, I am also satisfied this wouldn't meet the criteria of an Authorised Push Payment (APP) scam. The evidence I have seen, including details of the company and its accounts, order form and communication with Mr K, persuades me on balance this was a legitimate company local to Mr K that had been trading for some considerable time.

There are limited options for faster payment recovery in these circumstances. One options is to undertake the Credit Payment Recovery (CPR) process. However, this process can only be used when a payment is sent in error, it is defined as '*A payment that should not have been sent because at the time it was sent, it was not made as intended by the customer*'.

This payment wasn't in error, the evidence I have seen suggests the payment was processed as intended at the time. Despite this, I can see TSB tried to claim the funds back for Mr K from the receiving bank, but this sadly wasn't successful. In the circumstances I think this was a fair and reasonable approach.

Mr K has since raised the issue of not being clearly informed at the time of the payment that faster payments are significantly different to paying by debit card. I have therefore considered whether I think it was reasonable to expect TSB to intervene in the circumstances.

The starting position in law is a bank is expected to process payments and withdrawals a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

Having said that, there are also obligations on banks to detect and prevent certain transactions, I consider TSB should fairly and reasonably:

- have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering and preventing fraud and scams,
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things).
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

This means that, there are circumstances where a bank should fairly and reasonably take additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm.

Banks have to strike a difficult balance between how to detect unusual activity on an account and to also not interfere with the vast majority of perfectly normal transactions which are not

fraudulent or related to scams. I have therefore considered whether there was any reason for TSB to intervene here.

I can see from Mr K's statement he has used faster payments to make transactions before, and this isn't an unusual transaction for his account. It appears the payment was to a company which had been established for several years at the time the payment was made. It also isn't disputed Mr K authorised the payment in the prescribed way, in other words, he sent the payment himself. I haven't seen any evidence Mr K sought assistance from TSB when making this payment, so the opportunity to ask questions or confirm which payment method was suitable could not be explored.

For these reasons I am not persuaded there is any indication it was reasonable to expect TSB to reach out and discuss this payment with Mr K. Mr K apparently chose this option without any input from TSB and was familiar with this type of transaction.

Finally, I think even if TSB had contacted Mr K at the time, he would likely have authorised the payment. This is because it is unlikely he would have known or suspected there would be an issue with his order at the time he made the payment, such issues only became apparent some time later, so on balance I am satisfied he would have continued with the payment.

I appreciate Mr K will be disappointed with my decision, but I trust I have explained why I don't think it is fair or reasonable to hold TSB liable for the payment he made to the company. I wish him well in recovering his funds through the liquidation process.

My final decision

For the reasons I have given, my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 April 2026.

Gareth Jones
Ombudsman