

## **The complaint**

Mr K, on behalf of the estate of Mr M, complains that TSB Bank plc won't reimburse unauthorised payments taken from Mr M's account.

## **What happened**

The details of this complaint are well known to both parties. So what I've set out below is only a summary of the key events.

In 2024, Mr K contacted TSB about the account of his late father, Mr M. He queried a series of payments sent from Mr M's account to "S" – his sister, and Mr M's daughter – in 2019. He ultimately complained the payments were unauthorised, and that TSB had failed in its duty of care to him by allowing those payments, and earlier payments, to be taken.

TSB disagreed to refund the estate, deeming the matter a civil dispute. Unhappy with this response, Mr K referred the matter to our service on behalf of Mr M's estate.

Our Investigator concluded we couldn't consider the earlier payments due to the timescales that apply to using our service. While she did consider the payments from June 2019 onwards, she didn't recommend they should be refunded. She explained she wasn't persuaded they were made without Mr M's authority, nor that TSB ought to have prevented them.

Mr K appealed the Investigator's outcome. He accepted the scope of the complaint was limited to the later payments. But (in summary) he said the payments weren't made in line with the account mandate, under which S wasn't authorised to use the account. He also said the Investigator had overlooked the undue influence S was exerting on Mr M.

## **What I've decided – and why**

Before giving my decision, I want to make the scope of what I'm considering clear. As Mr K has accepted, what I'm considering is TSB's actions and liability in relation to the disputed payments from June 2019 onwards.

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 decided not to uphold it. I'll explain why.

In line with the Payment Service Regulations 2017 (PSRs), customers are generally liable for payments they authorise – and their account provider would generally be liable for unauthorised payments.

Where a payment is authorised, that will normally be because the customer made it themselves. But payments can also be authorised by someone acting as an agent for the customer – so, someone acting on their behalf.

Agency can be created formally, such as by adding a party to an account, or informally. For example, if a customer gives someone their card to make a payment, that would be treated as granting them agency. In line with a concept known as “apparent authority”, the customer would be bound by their agent’s actions – i.e., in the scenario above, how they used the card.

Here, given the nature of the situation, there is a lack of certainty about what happened. While the disputed payments were sent to S, I can’t rule out the possibility they were made by Mr M. Even if they were made by S and not Mr M, it’s still possible they were made with his knowledge or consent. While S didn’t have formal authority on the account at the time, as explained above, that wouldn’t be necessary for the payments to be treated as authorised.

Where information is unclear or contradictory, I must make my decision on the balance of probabilities. I can see the account was being used in between the disputed payments, with no concerns raised at the time. I’m also conscious Mr M granted S formal authority on the account for significant periods before and after these payments. Although S wasn’t formally authorised in 2019, the fact Mr M set this up after the disputed payments does provide relevant context when considering if there may have been an informal agreement that S could use the account at the time.

Overall, I don’t think the allegation that S made these payments without Mr M’s authority has been shown to be the more likely one. So I don’t think TSB fairly needs to refund the estate on this basis.

I do understand Mr K’s point about the nature of these payments looking uncharacteristic – as well as what he has said about the influence S exerted over Mr M. In line with the PSRs, firms are expected to process authorised payment instructions without undue delay. But there are circumstances in which it may be appropriate for a firm to complete further checks on a payment – such as if there is an identifiable risk it may be fraudulent or the result of a scam.

However, I don’t have much detail or supporting evidence to demonstrate that, if TSB had spoken to Mr M about the payments, it would either have discovered they were made without his knowledge – or would otherwise have been concerned enough about the situation to refuse to process them. I have taken on board what Mr K has told us about the wider situation. But I’m also conscious of the lack of clear information we have about what may have been agreed between Mr M and S at the time.

I appreciate this will be disappointing for Mr K, who understandably feels strongly about what happened. I have carefully thought about the circumstances here. But overall, I don’t think it’s been shown on balance that a failing by TSB caused Mr M to lose out. I therefore don’t think it would be fair for me to direct TSB to refund these payments or otherwise compensate the estate in relation to this complaint.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I’m required to ask the estate of Mr M to accept or reject my decision before 29 May 2026.

Rachel Loughlin  
**Ombudsman**