

The complaint

Mr R complains Tesco Personal Finance PLC trading as Tesco Bank didn't do enough to protect him when he fell victim to a scam.

What happened

Mr R has a credit card with Tesco Bank and a credit card with another business who I'll refer to as "H" in the rest of this decision.

Mr R says he and his wife were looking online for flights for their family. He says that they found flights costing around £850 a person – so around £3,400 in total – and then received a phone call from someone who said they had a promotional offer meaning they could source tickets for a reduced price of £1,972.98. Mr R says he cancelled the tickets he'd found and tried to use his Tesco Bank credit card to purchase the promotional tickets he was being offered. But he says his card kept declining, so he tried his card with H. Mr R says that card kept declining too and that he spoke to Tesco Bank. He says that Tesco Bank allowed his payment to go through having checked it was genuine.

Mr R says the person offering him the promotional tickets said he needed to make another payment and to try his other credit card with H. He says that H blocked this payment too. He says he spoke to H on the phone and the agent he spoke to explained that the payment he was trying to make was being made to a supermarket / grocery store in Dubai and was 100% a scam. Mr R says at this point he realised he'd been scammed. So, he called Tesco Bank asking it to get his money back.

Tesco Bank refunded his payment and twelve months later having asked him some additional questions reversed the refund. Mr R complained to Tesco Bank and then to us.

One of our investigators looked into Mr R's complaint and said that there were a number of red flags here that Mr R was falling for a scam that Tesco Bank's agent should have spotted. Had the agent done so and warned Mr R that he might be falling for a scam – as H did – our investigator didn't think he would have gone ahead with the payment. So our investigator recommended that Tesco Bank refund 50% of the loss it had failed to prevent as they thought Mr R should share some responsibility too. Mr R accepted our investigator's recommendations. Tesco Bank didn't. Tesco Bank said that the merchant category code of the business in question and information online suggested that Mr R was making a payment to a business involved in property, development, retail, hospitality, leisure and entertainment, so it wouldn't be unreasonable to suggest that they'd be involved in selling flights. So, it didn't agree it was obvious this was a scam. Mr R's complaint was referred to an ombudsman for a decision and was passed on to me.

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.

This complaint wasn't entirely straightforward when our investigator started looking into it.

That's because Tesco Bank didn't initially send us any information. Tesco Bank only did so after our investigator sent an initial view upholding this complaint. And it wasn't until after our investigator had done a follow-up view that we got hold of the call recordings of the conversations Mr R had with Tesco Bank and H that evening.

Now that we have all the evidence, it's clear Mr R tried using both cards when he attempted to buy the promotional tickets and both cards were declined multiple times because both businesses had concerns that the payment was fraudulent. It's also clear that Mr R then spoke to Tesco Bank – who checked the payment was genuine and allowed it to go – and then tried to make a second payment on his credit card with H which was again declined and led to a conversation between Mr R and H that revealed the scam.

I've listened to the calls Mr R had with Tesco Bank – before the payment for the promotional tickets was allowed to go through – and with H – in an attempt to make a second payment. Based on the same information the agents involved took a completely different approach to what was essentially the same transaction. Specifically, the agent at H who Mr R spoke to questioned why he was making a payment to the merchant he wanted to make the payment to as they could see the merchant was a supermarket / grocery store in Dubai – and not connected to the company from whom he believed he was buying flights. Having questioned Mr R appropriately, the agent told him that the payment he was attempting to make was 100% a scam. I would have expected the agent at Tesco Bank to have spotted the same red flags and to have given a similar warning. Had they done so, I'm satisfied that Mr R wouldn't have gone ahead with the payment for the promotional tickets – as happened when H warned him appropriately. In other words, I agree that Tesco Bank missed an opportunity to prevent a loss and should refund 50% of his payments – something Mr R has accepted.

Putting things right

Tesco Bank should refund 50% of the payments Mr R made – in other words, 50% of £2,027.23 – plus 8% simple interest from the date of payment to the date of settlement.

My final decision

My final decision is that I'm upholding this complaint and require Tesco Personal Finance PLC to refund 50% of the payments Mr R made – in other words, 50% of £2,027.23 – plus 8% simple interest from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 April 2024.

Nicolas Atkinson
Ombudsman