

The complaint

Mrs S complains that TSB Bank plc (“TSB”) caused her financial worries when they allowed numerous fraudulent payments to be taken from her account.

What happened

Mrs S received a message from her bank about the limit on her account. She realised there was something wrong and contacted TSB to see what was happening with her account. TSB confirmed that a large number of transactions had been made using her account details to an online gambling business.

Mrs S didn’t recognise the transactions and TSB accepted that she wasn’t responsible for them. They advised the transactions were still “pending” – meaning the merchant hadn’t finalised the process to take the funds, which meant they couldn’t yet be immediately refunded (because they hadn’t left the account).

Mrs S was worried that she wouldn’t have funds to use for the upcoming holiday period and had numerous direct debits that had to be met.

TSB were able to prevent the merchant from taking the payments and Mrs S was able to obtain other funds which meant her financial obligations were met. Mrs S’s account was put back into the state it had been prior to the disputed transactions.

Mrs S complained to TSB that they should have prevented the payments from leaving her account and she had to wait for a refund.

TSB declined her complaint, believing they’d correctly followed their process. Mrs S remained unhappy with TSB’s investigation into her complaint and brought it to the Financial Ombudsman Service for an independent review.

An investigator was assigned to look into the complaint and reviewed evidence provided by the parties. He concluded that TSB had acted reasonably and didn’t uphold Mrs S’s complaint.

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.

There’s agreement between the parties that Mrs S wasn’t responsible for the transactions she’s disputed. It’s also apparent that those transactions never made it onto Mrs S’s statement because the merchant was prevented from completing them by TSB. I accept that Mrs S was told they couldn’t be refunded at the point she reported them (because they hadn’t yet left her account) which would no doubt have been worrying for her at the time.

I think it’s worth pointing out that the payments taken from her account were carried out by an unknown third party who had somehow obtained her card details to use them to make the gambling transactions.

There hasn't been any financial loss to Mrs S and I was glad she was able to obtain funds to meet all her needs. None of her regular payments were affected by the issue.

Because those transactions were made using the payment details issued by TSB, they wouldn't necessarily be aware they were fraudulent. It would appear to them as though Mrs S was making them herself.

I acknowledge there were a large number (I understand around 50) of small transactions that happened in a relatively short space of time, which their fraud prevention systems didn't identify. TSB pointed out that it wasn't unusual for the account to see multiple card transactions per day (up to 18). Given the account held sufficient funds, it's not particularly surprising that TSB didn't notice them as suspicious at the time. TSB did act (which is how Mrs S first knew about them), when the account was nearing the limit of her agreed overdraft, warning Mr S that she was about to enter into further unapproved borrowing.

It's understandable that Mrs S thinks that TSB should have identified them earlier, but such fraud prevention systems are subject to many different factors (which TSB don't advertise for obvious reasons) and change depending on what TSB consider to be the threat to their accounts at the time. So, whilst I understand her stance regarding what she thinks TSB should have done, I don't think the failure to stop these payments warrants compensation from TSB.

Whilst I appreciate the uncertainty caused by the disputed transactions, I don't think TSB acted unreasonably or unfairly when they were told about the issue. The account was put back into its original position as soon as TSB could act, so I don't think they could have reasonably done much more at the time, so I won't be asking TSB to do anything further.

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 Mrs S to accept or reject my decision before 28 July 2024.

David Perry
Ombudsman