

## **The complaint**

Mr W complains that Tesco Personal Finance PLC ('Tesco') won't refund the money he lost to a scam.

## **What happened**

Mr W has a credit card account with Tesco. His wife is an additional card holder.

In the early days of a new job, Mrs W received an email request which she believed came from the director of the company to buy £200 gift cards. She used her Tesco credit card to make a £200 transaction in a store on 15 September 2023. When she attempted to make a second payment shortly afterwards, Tesco blocked the transaction and had a conversation with Mr W about it. The Tesco agent asked Mr W various questions and Mr W agreed to call back after speaking to his wife.

Mr W called Tesco back and said that he thought the first £200 transaction related to a scam. He raised a claim and asked Tesco to ensure the second transaction didn't go through.

Tesco didn't agree to reimburse Mr W. It said the transaction was authorised and chargeback rights don't apply.

Mr W was unhappy with Tesco's response and brought a complaint to this service.

### *Our investigation so far*

The investigator who considered this complaint didn't recommend that it be upheld. She said the transaction wasn't out of character, but Tesco chose to intervene and offered advice tailored to the scam risk.

Mr W didn't agree with the investigator's findings and brought a complaint to this service. He said his wife was the victim of a scam and other banks she made payments from have refunded her.

## **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 deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

There is no dispute that Mr W has lost money as a result of a cruel scam and I am deeply sorry for that. But it doesn't automatically follow that Tesco is liable for all or some of a loss, just because a customer has been the victim of a scam. When I consider cases like this – I am looking at whether the firm (Tesco) – who was not party to the scam itself – should have done more and whether it could have prevented the payment from being made.

In broad terms, the starting position at law is that Tesco is expected to process payments

and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in September 2023 that Tesco should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Having considered Mr W's transaction history I agree with the investigator that there was nothing unusual about the card payment so there was no reason for Tesco to flag it. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to act in their customers' best interests, they can't reasonably be involved in every transaction. To do so would involve significant disruption to legitimate payments.

When a second transaction for the same amount was attempted, Tesco recognised a risk and blocked it. I think Tesco acted reasonably in doing so, even though the value was still relatively low. This resulted in a further payment not being made. But this doesn't mean Tesco did anything wrong in processing the original transaction.

I appreciate that Mr W's wife bought further gift cards and other banks have reimbursed her. It's possible that commercial decisions were made by other banks. But I can't ask Tesco to reimburse Mr W on this basis.

I've gone on to consider whether Tesco did enough to recover Mr W's funds. Whilst the chargeback scheme covers payments made by card, Mr W doesn't have a legitimate claim. This is because the supermarket Mr W's wife bought the gift card from provided the gift card.

So, whilst I'm sorry to hear about Mr W's loss, I can't fairly hold Tesco responsible.

### **My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 13 January 2025.

Jay Hadfield  
**Ombudsman**