

# TSB first bank to issue 'refund guarantee' for all fraud victims



TSB's fraud refund guarantee goes further than any existing or planned reimbursement models

- **Sam Meadows**

14 APRIL 2019 • Sunday Telegraph

Scam victims are to be reimbursed in full by TSB, which today becomes the first bank in Britain to offer a fraud refund guarantee. *Telegraph Money* has long called for banks to take action on a crime that has quickly become an epidemic.

TSB's new pledge goes further than not only any existing policies on fraud but also the industry's long-awaited code of conduct on refunds, which comes into force at the end of next month. Industry insiders said the move would pile pressure on other banks to follow suit.

Richard Meddings, the bank's executive chairman, told this newspaper the decision had been made in part because of TSB's experiences following its IT glitches last year but mainly because it was "the right thing to do".

A year ago thousands of TSB customers were locked out of online banking and scammers used the chaos to target them by posing as fraud-prevention staff. Mr Meddings said it opened his eyes to how savvy criminals had become.

He said: “This is a big moment. We are the first bank in Britain to step forward with a guarantee to protect all our customers from this type of fraud. The approach to refunds taken by banks has not kept pace with the increasing sophistication of fraudsters. We don’t think customers should bear the cost of honest mistakes.”

Fraud, particularly through bank transfer scams, is a fast-growing problem. Last year £1.2bn was stolen, according to UK Finance, a trade body. So-called “authorised” payment fraud, where customers are duped into sending the money themselves, accounted for £354m of the total.

In cases where fraudsters have gained access to a customer’s account and processed the payments themselves, banking regulations mean the victim is usually refunded. But this is rarely the case for authorised fraud; just £83m of the £354m was returned.

Authorised fraud can be more upsetting for victims as it often involves contact with a criminal posing as a trusted person such as a bank employee or police officer. The scammers typically tell victims they are being targeted by fraudsters and need to transfer money to a “safe” account. In reality, the account belongs to the criminals.

The industry’s voluntary code of practice, signed up to by most banks, comes into force on May 28 and guarantees refunds for “blameless” victims of this type of fraud. TSB’s guarantee, effective from today, goes further and ensures that any victim – even those who could be deemed negligent, perhaps by giving away their bank details – will get their money back. The victim will also receive their case details in an effort to prevent them being duped again.

The only exceptions will be cases of “first-party fraud”, where someone attempts to defraud the bank by staging the crime themselves, and where victims ignore advice and fall for the same ruse repeatedly. Each case will be judged individually.

Mr Meddings said: “There is a misconception that the people who are defrauded are relatively unsophisticated or not particularly financially literate or educated. Actually, lots of people are being defrauded who are doctors or lawyers or people in banking.

“We have to wake up to it. The world is increasingly digital, the amount of money being taken by these fraud organisations is huge and it gives them the resources to deploy further fraud attacks on my customers.” TSB said it supported the wider industry’s work on the code.

Jenny Ross of Which? Money magazine called on other banks to follow suit. “For years, people have lost life-changing sums to increasingly sophisticated scams and then faced a gruelling battle to get it back,” she said.

“We know banks are far better placed to spot and prevent scams than their customers. TSB has rightly recognised this and stepped up to take responsibility for refunding its customers across all types of fraud.”

Caroline Abrahams of the charity Age UK said TSB’s pledge was “a vital step forward and a challenge to other banks”.