

Bank fraud landmark: TSB repays victim and admits giving criminal a bank account



David Burton was conned into paying £3,200 for a non-existent motor home on eBay
CREDIT: ANDREW FOX

- [Amelia Murray](#)

9 JANUARY 2017 • 9:18AM

In what is could be a landmark case, high street bank TSB has compensated a fraud victim on the grounds that it was at fault for allowing a criminal to operate a current account.

Financial fraud increased 53pc in the first six months of 2016, with the majority of incidents involving transfers to and from high street current accounts controlled by fraudsters.

[How can criminals open accounts so easily when I get so much hassle when I've got the proper paperwork](#)

Telegraph Money is campaigning for banks to improve their security and take quicker action when innocent customers make transfers to fraudsters' accounts. Based on readers' experiences, few victims ever recover their funds, and banks are able to shrug off responsibility for having offered their services to criminals.

This was not the case with David Burton.

After being duped into paying £3,400 for a non-existent motor home on eBay in April 2014, Mr Burton, 49, has spent the last two years trying to get his money back.

Unlike traditional vehicle scams where the fraudsters hide behind email, Mr Burton had two phone conversations with the seller who sounded credible.

Satisfied, he transferred £3,400 to the seller's TSB account via PayPal. He was told the vehicle would be delivered in four days.

When it did not arrive, he tried to contact the fraudster but found the number dead. He reported the scam to his bank, Barclays, which said it could do nothing.

Mr Burton also reported the incident to the police in Bloxwich, in the West Midlands, and Action Fraud, the national fraud and cyber crime reporting service.

As in most bank transfer fraud cases, Mr Burton's money was siphoned from the fraudster's TSB account as soon as it was paid in.

Mr Burton said: "How can criminals open accounts so easily when I get so much hassle when I've got the proper paperwork?"

"If the banks were doing their jobs properly this would not have happened."

This echoed the question posed by *Telegraph Money* when we reported the four ways your bank lays you open to fraud: "When it is so difficult for innocent customers to open bank accounts, why are so many opened by fraudsters?"

Mr Burton took the matter to the Financial Ombudsman, the dispute resolution service, on the grounds that TSB had been "negligent" in allowing the transfer to take place.

The ombudsman said TSB could not be blamed.

It was only later when Mr Burton contacted Bloxwich police and asked for a summary of their investigation, that he learned that the bank account had been opened using false details.

Re: My case

Today at 14:46

Hi David,

I have read the report to refresh my memory as it's two years ago now. All enquiries we made into email addresses, mobile phone numbers, registered details used to open bank accounts etc proved negative because false details were used to open accounts. With the details used being false we had no further leads. I hope this answers your query.

Kind regards,

PC 4304 DICKINSON

Criminal Investigation Team 2B

Bloxwich Police Station

Mr Burton was told by police the TSB account had been opened using false documents

With this new evidence, further submissions were made to the ombudsman. Again, the complaint was rejected.

It was only after the involvement of *Telegraph Money* that TSB agreed to give Mr Burton got his money back on the basis that it failed to conduct sufficient checks.

TSB admitted that the opening of the account did not meet its "strict anti-fraud requirements and ID checks" and it would refund the £3,400 along with £250 compensation.

A TSB spokesman said: "Whenever someone applies for a current account, the application is carefully reviewed on a case-by-case basis. We continually make improvements to our fraud-detection processes and work with the wider industry to share best practice to tackle the issue."



Mr Burton's complaint was rejected by the ombudsman despite the new evidence about the TSB account CREDIT: ANDREW FOX

Cliff Moyce, head of finance practice at global technology consultancy DataArt said banks have a responsibility to operate good "Know Your Client" when creating accounts.

If they fail, their immediate liability is with the regulator rather than customers. Banks can be fined and customers can be given compensation as part of the regulatory action. He added that banks also have discretion to recompense customers.

Mr Moyce said there always has been and always will be bank accounts operated by criminals for nefarious reasons and it would be "unrealistic" to ever expect the number of fraudulent accounts to be reduced to zero.

Original article — <http://www.telegraph.co.uk/personal-banking/savings/bank-fraud-landmark-tsb-repays-victim-admits-giving-criminal/>