

## **The complaint**

Ms B complains that Lloyds Bank PLC did not refund a transaction she says she did not carry out.

## **What happened**

Ms B was abroad when a withdrawal of £496.61 was debited from her current account via an automated teller machine (ATM) on 23 November 2022. Ms B says that a friend of hers observed her personal identification number (PIN) and took her debit card to make the withdrawal.

Lloyds issued a final response letter on 9 February 2023. In this, they explained that when Ms B reported the fraud to them, she told them that she still had her debit card, it had never left her possession, and no-one else knew her PIN. They said that Ms B told them she assumed the withdrawal was made by the same people who took her phone, which she said was stolen on 20 November. However, Lloyds explained the physical card was used to make the withdrawal, which didn't align with Ms B's version of events. Because of this, they did not agree to refund the £496.61.

Ms B referred the complaint to our service and our Investigator looked into it. They explained that, based on the evidence provided, Ms B's genuine card and correct PIN were used to make the withdrawal. They said that Ms B had changed her story about how the fraud occurred and that we would need to focus on what she initially told Lloyds when she reported the dispute to them. They could see no reasonable point of compromise for the debit card and that the transaction itself did not match typical behaviour in fraud cases. Because of this, they did not think Lloyds needed to refund the transaction.

Ms B disagreed with this, she sent in evidence that she reported her phone as stolen on 21 November 2022 and reiterated how she felt her friend had obtained her card to carry out the transaction.

As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

## **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.

Having done so, I think that Lloyds' decision to hold Ms B liable for the transaction and not refund it was reasonable in the circumstances, so I do not direct them to refund the £496.61. I'll explain why in more detail.

Generally, Lloyds is able to hold Ms B liable for the disputed withdrawal if the evidence suggests it's more likely than not that she made or authorised it herself. This position is

confirmed in the Payment Service Regulations 2017 (PSRs) and the terms and conditions of the account.

From what I've seen, the withdrawal was made using Ms B's genuine card and PIN. While this is important, it isn't enough on its own to say Ms B is liable for the transaction. Lloyds also has to show it's more likely than not that Ms B herself made or otherwise authorised the transaction.

I've therefore considered what information Lloyds had when they reviewed the disputed transaction claim from Ms B. I can see that during the first phone call with the disputed transactions team, Ms B confirmed no-one had access to her debit card and she had not told her PIN to anyone else. As the transaction had been carried out using the genuine card and the correct PIN was used, I think it was reasonable that Lloyds did not agree to refund the transaction at that point as there was no reasonable point at which Ms B's card and PIN could have been compromised based on what she had told them.

I can see that Ms B called Lloyds again on 21 December 2022 and 4 January 2023. I have the contact notes from these telephone calls with the fraud team. In these, Ms B again confirmed she had the debit card with her the whole time and that the transaction must have been linked to her mobile phone which was missing at the time because it had been stolen. However, she also said that her mobile phone had been with a woman who was charging it, which is how it was returned to her. At one point, she said that an individual had taken her card but then said she had it in her possession the whole time. Overall, Ms B has not been consistent each time she has spoken with Lloyds, so it has been difficult to rely on her testimony.

On balance, considering the information given to Lloyds by Ms B, I think it was reasonable that they did not refund the transaction to her. They could not establish a clear point at which Ms B's card could have been taken by an individual who would also have access to her PIN as she said the card was with her at all times and she had not told anyone else her PIN. So, I think they acted reasonably when they declined her claim.

Ms B has now told us that a friend found out her details and must have taken her debit card from her purse to carry out the transaction. I can't see this was told clearly to Lloyds, though Ms B did mention during telephone calls with Lloyds that she thought she knew who was responsible for the withdrawal.

Ms B has said she thinks the individual gained knowledge of her details when she made an online payment in front of them, however this would not have revealed her PIN which was required to make the cash withdrawal. Having considered what Lloyds was told at the time, I still think it was reasonable that they declined her claim and I don't think that Ms B's later comments changes this.

## **My final decision**

I do not uphold Ms B's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 21 September 2023.

Rebecca Norris  
**Ombudsman**