

The complaint

Mr A complained because Lloyds Bank plc refused to refund him for transactions which he said he didn't make.

What happened

Mr A opened a basic account with Lloyds on 31 January 2023.

On 23 February, Mr A contacted Lloyds. He disputed a payment for £23.78. The adviser checked his account, and asked him whether he'd made other recent payments. These included two payments to a social media organisation, one for £97 and one for £100.09. Mr A twice said that these two social media payments were genuine. He said he still had his card. Mr A said that a few days earlier he'd added the app to his tablet, and his daughter had been round, so she could have made the transaction. The adviser told him that it had been carried out at Mr A's IP address (a unique computer identifier) so it didn't look as if it was fraud. Mr A said his children had access to his phone and tablet. The adviser blocked the £23.78 company, and asked Mr A to have a word with his daughter, saying it was easy to click onto things.

On 10 March 2023, Mr A contacted Lloyds again. He said he hadn't made multiple transactions on his account. The payments had started on 3 February and were to the social media organisation which had previously been discussed on 23 February. There were over 30 payments, of varying amounts. Mr A said he had never downloaded the app for that social media organisation. In the phone call, Mr A said that his children had access to his account through his tablet. Lloyds credited his account with the disputed transactions, and investigated.

On 14 March, Lloyds decided to re-debit the credits for the disputed transactions. It also suspended Mr A's account and sent him a text. Mr A contacted Lloyds, which had decided to close Mr A's account.

Mr A complained. He complained about the disputed transactions being re-debited, and his account being closed. He also complained because when he'd contacted Lloyds through the mobile messaging system to report the fraud, he'd said he hadn't been able to phone because he had a disability.

In its final response letter, Lloyds declined Mr A's complaint about the disputed transactions being re-debited. But it said it was sorry it hadn't given Mr A better service when he'd contacted Lloyds through mobile messaging. It said it should have given him different options about how to contact Lloyds, so it sent Mr A a cheque for £40.

Mr A wasn't satisfied and contacted this service.

Our investigator didn't uphold Mr A's complaint. But Mr A remained unhappy. He said he hadn't made the disputed transactions. He said he wasn't happy that Lloyds hadn't even offered him 50% back. He said he was disabled and it was unfair. Mr A asked for an ombudsman's 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.

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. So I've considered whether it's more likely than not that Mr A authorised the payments himself.

I've listened to the recordings of phone calls between Mr A and Lloyds. I've taken into account the fact that the 23 February phone call recording clearly shows that Mr A twice confirmed as genuine, two payments to the social media organisation, for £97 and £100.09. These were payments which were among those which a few weeks later he disputed. And when he later disputed all the payments to this social media organisation, he said he'd never used that organisation. So Mr A's evidence has been contradictory.

I've also looked at the record of when Mr A checked his online banking. He did so several times while the disputed transactions were taking place. If he hadn't authorised them, it's surprising that he didn't report them then, and instead didn't do so until 10 March.

Mr A told Lloyds that his children had access to his tablet and phone, and at another point he also said a carer would have had access. By allowing these people to have access to his account, Mr A was breaching the terms and conditions of his account, which required account holders to take care of their security credentials. By allowing his children to use his tablet and phone to access his Lloyds account, Mr A gave consent to the transactions. This means that he's liable for them.

The pattern of these transactions doesn't match that of any third party fraudster unknown to Mr A. That's because a third party fraudster typically would take out as much money as possible, very quickly. That's not what happened here. The transactions are to one specific well-known organisation only, not to a fraudster's account elsewhere. And they occur over a period of several weeks, often with a gap of several days between the disputed transactions. That's very unlikely to have been the pattern if the transactions had been carried out by a third party fraudster unknown to Mr A.

So I consider that it's more likely than not that Mr A carried out the disputed transactions himself – which is what he said about the first two transactions on the 23 February call. If he didn't, it's likely that he permitted others to do so, using his tablet and phone. As Mr A authorised the transactions, Lloyds doesn't have to refund him and was entitled to re-debit the credits it made to his account.

I've also considered Lloyds' closure of Mr A's account. The terms and conditions of Mr A's account set out the circumstances in which the bank can close an account without giving the customer notice. I've considered the circumstances in this case, and I find that Lloyds acted in line with the terms and conditions when it decided to close Mr A's account. It paid Mr A's remaining balance of £116.33 to him on 17 March, and it didn't need to do more.

Finally, I've considered whether Lloyds' payment of £40 was fair and reasonable for not having given Mr A options for different contact methods. I find that it was.

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 Mr A to accept or reject my decision before 19 January 2024.

Belinda Knight
Ombudsman