

The complaint

Ms E complains Lloyds Bank PLC will not refund some disputed transactions made to a gambling company.

Lloyds say it considers the transactions to be authorised.

What happened

Ms E complained to Lloyds about 26 transactions made from her account. They were all made to a gambling company – B. In total just over £6300 had been spent over two days. Ms E told Lloyds that she had made these payments and neither did she have an account with B. In fact, she said B had confirmed there was no account held in her name during an online chat and she had proof of this conversation which she had sent to Lloyds.

The disputed transactions had taken place between approximately 7pm on the 10 January all the way through to approximately 11am on 11 January. The money which had been used had come from a credit into Ms E's account from a student loan – but as a result, this had all now been spent and she was left with a balance of just under £150.

Ms E said she had been left in financial difficulties as she had a child to look after and could not now pay for nursery fees. Ms E had asked her partner if he had made the transactions and he had confirmed he hadn't. She said they were both in bed at the time they were taking place.

In its final response issued on 17 January 2020, Lloyds did not uphold her complaint. In summary, it gave the following reasons:

- the device used for the disputed transactions was the same device Ms E had used for transactions she was not disputing
- the payments had been made using the same IP address Ms E had used to log onto her online banking
- a text message had been sent to Ms E's mobile phone because Lloyds had initially blocked the payments to B. It had received a text back to confirm the payments were genuine
- the evidence from B stating it did not hold an account in Ms E's name was insufficient evidence for Lloyds to attempt a chargeback.

So, Ms E brought her complaint to this service and asked that we investigate matters for her. Our investigator didn't think she could ask Lloyds to do anymore. She concluded Ms E had authorised these transactions to B for the following reasons:

- Ms E said she had her card in her possession at the time so it was highly unlikely that a third person could have made the transactions
- the device ID used to make these transactions was the same device ID used to make non-disputed transactions

- Ms E had logged onto her online banking at least six times whilst the transactions to B had been taking place so she would have been aware of them leaving her account
- The call to Lloyds was made 19 minutes after the last transaction had taken place and six minutes after Ms E had last logged onto her online banking
- There had been no attempts to use Ms E's card once it had been cancelled. The investigator thought this was unusual as there was still a small balance left on the account and typically, a fraudster would attempt to use the balance up
- Despite seeking confirmation from Ms E and B that the funds from the gambling transactions had credited an account *not* in MS E's name, this had never been received
- Ms E had alleged her step father might have been responsible for making the transactions – but the evidence didn't support this.

Ms E did not agree with our investigator. She said she had reported the matter to the police and Action Fraud and would not have done this had she made the payments herself. She also provided us with a further screenshot from B, sent to her email address, but addressed to someone else. She didn't explain how this supported her case or why B would be using her email address if indeed the transactions were being carried out by a third-party fraudster. The matter was then 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.

Generally speaking, if the evidence suggests its more likely than not that Ms E authorised these transactions, then Lloyds is entitled to hold her responsible. The relevant law here are the Payment Services Regulations 2017 (PSR's 2017). I've taken these into account when arriving at my decision, but I've also taken into account regulator' rules, guidance and standards, codes of practice and what I consider to be good industry practice at the relevant time.

I've also reminded myself that authorisation is a two-stage test which requires evidence of authentication as well as consent – and that it is for Lloyds to show Ms E authorised these payments rather than for Ms E to show she did not.

From the evidence provided by Lloyds, I am satisfied that the payments were authenticated in that is the long card number, the expiry date and the CVV numbers were entered. So, I then need to go on to consider whether the evidence suggests Ms E also consented to the payments. For the following reasons, I don't think it is unfair or unreasonable for Lloyds to conclude that it does:

- Ms E's card details and account were registered and used on B's website. Any winnings made from the transactions would be paid back into the account registered – that is Ms E's account. I can't see how a third party would benefit from doing this
- The evidence provided by Lloyds shows the same device ID was used when making the disputed transactions as well as non-disputed transactions
- The evidence from Lloyds shows the same IP address was used making the disputed transactions as well as the non-disputed transactions
- The first attempts to make payments to B were blocked by Lloyds fraud detection system. A text was sent to Ms E's phone and a response was sent confirming the transactions to be genuine. Ms E has never said someone else may have had her

phone and neither is there any evidence in support of that contention

- Despite Ms E logging onto her online banking whilst the disputed transactions were taking place, she didn't raise any concerns with Lloyds until the last one had been made.
- Once Ms E's card had been cancelled by Lloyds, no further attempts were made to use the card. From experience, a fraudster would continue to use the card until they were prevented from doing so
- Ms E's card was used to make genuine payments between the first two declined payments to B and the remaining payments to B. Ms E says she had given her card to her partner to pay for some food – and I can see this payment on her account. But she then said the card was returned to her so was in her possession during the relevant times
- The screenshot which Ms E provided to the investigator following the investigator's view shows that B has Ms E's genuine email address registered on the account. I think it is unlikely that a third-party fraudster would register to use Ms E's account whilst all notifications would be sent to Ms E thereby alerting her to the fraud on her account. Equally, I don't think it is persuasive evidence that B did not have record of an account registered with Ms E's details.

So, I'm afraid I don't find Ms E's account of events to be credible. I must decide, based on the evidence I have seen, what is most likely to have happened here. On balance, I think it is more likely than not that Ms E authorised these payments and therefore, I think it is fair and reasonable for Lloyds to hold her liable.

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 Miss E to accept or reject my decision before 18 May 2021.

Shazia Ahmed
Ombudsman