

The complaint

Mr R complains that Lloyds Bank PLC did not refund payments he says he did not authorise to a scam investment company.

What happened

The circumstances of this complaint are well known to both parties, so I will not repeat them all again here in detail. But I will provide an overview of events below:

- Mr R was looking for an investment opportunity online and came across Maxigrid.
- He spoke to a representative ('the agent') who told him Maxigrid was regulated by the FCA.
- Mr R says the agent pressured him into loading more funds onto his Maxigrid trading account on the understanding that he would receive better returns.
- The agent also told him that his investment would be easy and risk free.
- Mr R says the agent told him there would be a three-week 'cooling off' period.
- Mr R didn't sign any agreements with Maxigrid but provided a copy of the front and back of his debit card following the agent's request – he understood this to be for tax purposes.
- Mr R was able to withdraw £498.91 on 15 May 2020.
- Mr R says he only authorised two payments to Maxigrid but they then debited further payments from his Lloyds current account Visa debit card between 5 May 2020 to 18 May 2020 (totaling £11,700) without his consent.
- He approached Lloyds for assistance in recovering his money.

Lloyds say it attempted to obtain further evidence from Mr R on 9 September 2020 in order to assist him with chargeback claims. But he did not reply, so it took no further action. One of our investigators looked into things. She concluded that she'd seen technical evidence from Maxigrid on a linked complaint that evidenced the disputed payments were made from the same location as the undisputed payments. And so, she felt he authorised the payments. She also didn't think that Mr R had the required technical evidence for Lloyds to have assisted with chargeback claims.

During a call with our investigator on 12 August 2020, Mr R accepted that he did agree to the payments he disputed and his misunderstood the meaning of authorisation and agreement. He explains he did not believe the payments would be taken straight away. Unhappy with the outcome, Mr R asked for an ombudsman to review his complaint. He also provided some further information to explain the dishonest tactics used by Maxigrid to obtain further money from him. The complaint has been passed to me for determination.

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.

As Mr R has now accepted that he authorised the disputed payments, I don't now need to consider his claim that they were unauthorised. For the purposes of the Payment Services Regulations 2017, in force at the time of Mr R's transactions, he accepts the payments were made using the legitimate security credentials provided to him by Lloyds. I'm aware that Mr R told our investigator that he is not familiar with computers and the agent remotely accessed his laptop using software called 'any desk' and talked him through the payments. This is why the technical evidence supports that the payments were made from the same location as they were done (with the assistance of the agent) on Mr R's laptop and he was aware the payments were being made. I appreciate Mr R didn't know they would leave his Lloyds current account immediately and there was a cooling off period but these must be regarded as 'authorised payments'. This is the case even though Mr R believes he was the victim of a sophisticated scam. It follows that I cannot agree the disputed payments were unauthorised.

Chargeback

Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed or be deemed a 'valid claim'. Our role in such cases is not to second-guess Visa's arbitration decisions or scheme rules, but to determine whether the regulated card issuer (i.e. Lloyds) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder.

Having considered Visa's rules, the possible chargeback 'reason codes' did cover investment trading at the time of Mr R's payments. Visa cover situations whereby binary options/investment traders prevented cardholders from withdrawing their available balances and this 'misrepresentation' rule was applicable at the time of Mr R's payments.

However, this rule (code 13.5) required Lloyds to present dated evidence that Mr R had an available balance (in the form of a screenshot or confirmation from the merchant) and that he tried to withdraw sums equal to, or less than, his available balances on the same day. Mr R confirmed he was blocked from his Maxigrid trading account at the time of his complaint, so he was unable to obtain this evidence.

It follows that I don't think Lloyds made a mistake by not attempting a chargeback as Mr R did not provide it with the information it requested from him.

I do recognise that some of the tactics used by Maxigrid sound as though Mr R was misled and pressured by the agent. Whilst I don't see that Lloyds have made an error, it does not mean that he cannot pursue his complaint against Maxigrid. I've noted that Maxigrid held passporting rights through the Financial Conduct Authority ('FCA') and the FCA have since revoked their passporting rights and cancelled their registration with it. The FCA provide details explaining how UK customers who are not happy with any aspect of the handling of their trading account with Maxigrid can complain. I've included a link to the relevant section on the FCA's website that explains this further should Mr R wish to pursue his complaint with Maxigrid:

<https://www.fca.org.uk/news/statements/cyprus-cfd-firms-maxiflex-ltd-trading-europefx-maxigrid-limited-trading-dualix-agm-markets>

My final decision

For the reasons set out above, I am not persuaded that Lloyds Bank Plc acted unfairly or unreasonably with regard to Mr R's disputed transactions claim, so I am unable to uphold this complaint or make any award against the bank.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 7 January 2022.

Dolores Njemanze
Ombudsman