

The complaint

Mr M complains that Lloyds Bank PLC (Lloyds) won't refund the payments he made to two gambling merchants (M and R) which he now believes were a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. The facts aren't in dispute, so I'll focus on giving the reasons for my 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 agree with the conclusions reached by the investigator for these reasons:

- In line with the Payment Service Regulations and general banking terms, banks are expected to execute authorised payments without undue delay. It's not in dispute that Mr M authorised these payments. So the starting position is that he's liable.
- In some circumstances, we'd expect a bank to identify a possible fraud risk and therefore perform further checks before processing a payment. If it failed to do so, causing its customer a fraudulent loss, it may be fair to hold it liable. Here, Lloyds wouldn't reasonably have identified a possible fraud risk. These were (relatively) low-level payments that didn't appear suspicious amongst Mr M's other account activity. So I don't think Lloyds was wrong to simply execute the payments in line with his instructions.
- Mr M is unhappy that Lloyds wouldn't raise a chargeback claim. This is a voluntary scheme whereby the card scheme, not the bank, decides how a payment dispute should be resolved based on its rules. Lloyds isn't obliged to raise a claim, but I'd expect it to do so if the claim was likely to succeed. So I've considered whether, in the circumstances, Lloyds should have raised one.
- The crux of the dispute is that the merchants wouldn't let Mr M withdraw his funds. The merchants' terms say UK residents are prohibited from registering; it's the user's responsibility to check whether they can use the account in their jurisdiction; and if they can't, the merchant is under no obligation to offer a refund. So I can't see that the merchants breached the terms. But Mr M says they misrepresented the terms of sale, as they told him UK residents *could* use the accounts.

- Mr M provided some screenshots, web chats and emails to Lloyds to support his claim. But most aren't dated, so I can't see what he was told *before* opening his accounts. And some of the records seem to show Mr M talking to another online casino company. I've not seen enough to show whether/how they're the same as the merchants he paid directly. Under the chargeback rules, he could only raise a claim against M or R. The evidence doesn't show they told him he could use their services from the UK prior to him opening the account(s).
- That's not to say I don't empathise with Mr M's situation. It's clear he's lost out. But I'm not considering the actions of M or R. My role is limited to considering whether *Lloyds* acted fairly in the circumstances. Given the rules of the chargeback scheme, which aren't set by Lloyds, I consider it reasonable that it didn't raise a chargeback claim. I'm not persuaded there was sufficient evidence for this to succeed.
- Lloyds also paid Mr M £173 for poor service - £125 for his distress and inconvenience, plus £48 for call costs. I've not seen anything to suggest that more compensation is due to reflect the impact of Lloyd's poor service on Mr M (given that I've not found it should have raised a claim). So I'm not awarding any more compensation.

My final decision

For the reasons given above, 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 M to accept or reject my decision before 28 June 2022.

Rachel Loughlin
Ombudsman