

The complaint

Miss S complains that Lloyds Bank Plc (Lloyds) won't refund disputed transactions that were sent to a cryptocurrency account from her bank account.

What happened

In January 2021, Miss S said she created a cryptocurrency account, with the help of her cousin, transferring £5 from her bank account. Over the following few weeks, more than £2,000 was also transferred from her bank account to the cryptocurrency account. Miss S says these additional transfers were not made by her. She said her cousin has access to her online banking account and that her cousin's friend may have been involved in the fraudulent activity.

Lloyds investigated and decided not to refund the transactions. It said there was no evidence of fraudulent activity. It thought Miss S had authorised the transfers or made them herself because:

- It could see the transactions were made using the same internet protocol (IP) address as used when Miss S confirmed other genuine spend.
- Some of the disputed transactions were made after other funds were paid in that would allow the payment to go ahead. It said it couldn't see how someone else would know this information.

As Miss S didn't agree with Lloyds decision, she asked us to investigate.

Our investigator didn't recommend the complaint should be upheld. He explained that a new device had been registered to access the online banking application and to do this, she had received an Enhanced Internet Authentication call (EIA) to her registered phone number to confirm the new device. It was also noted that the online bank account had been checked from her original device at least 9 times during the period of the disputed transactions, using biometrics. Despite this, she hadn't disputed the transactions with Lloyds until early February 2021.

In summary, he felt unable to conclude that the transactions had been made fraudulently and was persuaded they were most likely made or authorised by Miss S.

Miss S didn't agree and asked for the complaint to be reviewed by an ombudsman, so the complaint has been passed to me.

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.

The investigator has given a detailed outline of the relevant considerations, so I won't repeat them in full here. The key consideration for me is whether I think it's likely Miss S gave consent for the transactions to be made or whether it was likely done by someone else without her knowledge – and by extension, whether it's fair for Lloyds to hold her liable for the payments.

I understand how strongly Miss S feels about this complaint. She has raised a number of points and although I may not mention every point raised, I've considered everything she has said, but limited my findings to the areas which impact on the outcome of the case. No discourtesy is intended by this. It just reflects the informal nature of our service.

Having reviewed the complaint fully, my review of the evidence has led me to the same overall conclusions as the investigator previously set out and for much the same reasons.

I think it's more likely than not that the transactions were either made by Miss S or by someone known to Miss S who had her authority to access her personal internet banking account.

I say this for the following reasons:

- The payments were made from a mobile banking device that was set up only 19 minutes after the initial £5 transaction that Miss S confirmed she did herself. If this was done by a fraudster, they would not only need to know Miss S' banking details but also get hold of her phone, answer the EIA call and then return the phone without her knowledge, all within 19 minutes of Miss S' last known use of the device. While this is possible, I think it's unlikely.
- Disputed payments were often made shortly after money came into the account that would allow the payment to go ahead. I can't see how a third party would know this information.
- The account was regularly checked during the time of the transactions from Miss S' original device using biometrics. This often occurred a few minutes before and / or after a transaction was made. If this was a fraudster, they would have needed to repeatedly gain access to Miss S' original device as well as the newly set up device, without her knowledge which I think is unlikely and there would be no plausible explanation as to why they would do this. I think it was more than likely Miss S was logging in on the original device and that she was reviewing the account activity. I therefore think she should have been aware of the disputed transactions earlier than she contacted Lloyds to report them.
- Miss S said that no one had access to her cryptocurrency account other than herself. If an unauthorised third party carried out the disputed transactions, they would need access to it to benefit from it.
- Despite requests to Miss S, we have been unable to see a copy of the cryptocurrency account transactions. This would enable us to see what had happened to the money once received. There may be no financial loss if no action was taken with the funds deposited.
- The bank statements provided by Lloyds shows additional transactions to the cryptocurrency account in March 2021 that Miss S confirmed are genuine. I think it's surprising that Miss S continued to invest via an account she believes has been compromised. The bank statements also show that she has utilised other

cryptocurrency platforms which indicates she has an appetite for this type of financial investment.

Taking everything into account, I find, on balance, that Miss S more likely than not authorised the disputed transactions. It follows that Lloyds is entitled to hold her liable for them.

My final decision

I do not uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 24 May 2022.

Sarah Green
Ombudsman