

The complaint

Mrs D has complained Lloyds Bank plc won't refund numerous online transactions she didn't make.

Mr D, Mrs D's son, is representing her in her complaint.

What happened

Mrs D holds an account with Lloyds. She's had fraud claims previously settled by Lloyds when use of her debit card was made online for gaming purchases. Mrs D increasingly has memory loss issues. Lloyds is aware of her vulnerability.

In April 2021 Mr D complained, on his mother's behalf, about numerous online transactions made using her card details from December 2020 to February 2021. Lloyds refused to refund the money as they believed they'd given appropriate education to Mrs D previously when other fraud claims of a similar nature had been made.

Our investigator noted that Mrs D accepted she'd given her debit card details to a relative to purchase a game. Lloyds had blocked an initial four payments made to gaming companies on 16 December 2020. Our investigator believed Lloyds should have contacted Mrs D at that stage as her account history showed the potential for concern. She asked them to refund the disputed transactions except those that a gaming company had refunded on 1 February 2021.

Lloyds disagreed. This complaint has been referred to an ombudsman for 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've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

To help me reach this decision, I've considered evidence provided to us by Lloyds and Mrs D. I've also noted what our investigator has said in her views and response to Lloyds.

Were the transactions authorised?

The regulations which are relevant to Mrs D's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks to refund customers if they didn't

make or authorise payments themselves.

The PSRs also say that someone acting as an agent on behalf of Mrs D can be treated as acting with apparent authority when making transactions on their account.

Authority consists of two elements. The transactions must be authenticated, and Mrs D needs to have consented to the payments being made.

I'm satisfied the payments were authenticated from the information provided to us by Lloyds. In other words, Mrs D's genuine card details were used to make them.

Turning to consent, all the evidence shows a relative of Mrs D used her card details to make in-game purchases. Mrs D doesn't dispute providing her card details first off and authorising at least an initial transaction.

Our investigator suggested Mrs D provided apparent authority to her relative to make the transactions. Apparent authority can be withdrawn or annulled by the payment service user (Mrs D in this context). In this case I believe it can be argued Mrs D withdrew her authority. I say this bearing in mind what had happened previously on her account. Mrs D had previously disputed chains of transactions on her account.

And this is why I also believe Lloyds should have acted sooner. They've confirmed they provided additional education to Mrs D previously – although I don't know the nature of this – and there have been at least three earlier instances of fraud on Mrs D's account. And Lloyds was aware of Mrs D's vulnerability.

There was a clear opportunity for Lloyds to have acted after they blocked four initial transactions on 16 December 2020. They didn't block Mrs D's card details which could have resulted in her confirming these were disputed transactions. Lloyds accept they have a responsibility to protect customers from fraudulent use as far as that is feasible. I believe they should have done more and if so, further transactions could have been avoided.

Putting things right

Lloyds will need to repay all disputed transactions to Mrs D from 16 December 2020 onwards. They will also need to add 8% simple interest a year from that date.

Mr D has confirmed one of the gaming companies refunded sums on 1 February 2021. Lloyds do not need to refund that amount.

As Lloyds failed to protect Mrs D's account, I think it is fair and reasonable they pay her £75 for the trouble caused.

My final decision

For the reasons I've given, my final decision is to instruct Lloyds Bank plc to:

- Refund disputed transactions from Mrs D's account from 16 December 2020 onwards, except those refunded on 1 February 2021;
- Add 8% simple interest a year to those amounts from the date of debiting to the date of settlement; and
- Pay Mrs D £75 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 26 October 2022.

Sandra Quinn
Ombudsman