

The complaint

Mr A complains that Lloyds Bank PLC mis-handled the management of his account details and personal data. There were several instances of fraud on the account and Mr A blames Lloyds for it.

Mr A also complains that during the fraud investigation he *'never felt supported'* by Lloyds and he's never been given an answer as to how the third party obtained his personal data and information.

What happened

Mr A had several accounts with Lloyds including a current account.

In December 2021 and in January 2022 Mr A started to notice that unrecognised transactions were taking place on his account. He also received a text to confirm he'd registered for 'Voice ID' when he had not.

And he had a series of Direct Debits go through the account for items he'd never set up a Direct Debit for.

Lloyds identified them all, put things right and on 20 January 2022. Mr A closed his accounts and so, the fraud transactions are not affecting him from a banking perspective. He has explained other troubles to us which I deal with in more detail in the main part of the decision.

Lloyds responded to his fraud issues and had many telephone conversations with him, cancelled one debit card and issued him with a new one and made recommendations as to how best to reduce the chances of fraud happening again.

That included directing Mr A to advice on its website and a recommendation that he report the matter to the police – which Mr A did.

Lloyds also recommended that he did a protective registration with CIFAS (Credit Industry Fraud Avoidance System).

The final response letter (FRL) from Lloyds upheld his complaint.

Lloyds said in its FRL dated 20 January 2022 as follows:

*'Thanks for speaking to me about the disappointing service you've had from us.
I agree with your complaint and want to put things right.'*

We're paying you £99.00

I'm sorry we didn't give you better service. To make up for this, I'm arranging to pay you £99.00 into your account. You'll see it within 48 hours, and it may show as more than one payment.

You raised a fraud claim with us

I'm sorry to hear you've been a victim of fraud. I can imagine how upsetting this must have been.

You contacted us on 29 December 2021 to report debit card payments in pounds as unauthorised.

Although we refunded you, there were other issues you had following suspected identity theft we didn't address effectively.'

Mr A referred his complaint to the Financial Ombudsman Service soon afterwards. I have seen from records that the £99 compensation payment was made up by £75 for distress and inconvenience and £24 for the repayment of the cost of calls Mr A may have made.

I have seen those two payments credit Mr A's account before he closed it in January 2022. Mr A's complaint form when he referred it to us makes it clear he was not content.

Mr A has said:

'I would like, therefore, to file a complaint against Lloyd's bank for loss of personal information, as they were never able to respond on: a) How people got access to an account I don't transact with b) How Lloyds bank lost personal details of mine including date of birth, (previous) home address and full name (not exhaustive).

This information was used for impersonating me at Lloyds bank (and successfully compromising my account), as well as to buy financial and other products and services from other companies utilising my credit score.'

Mr A has described that his credit file score took a dip as so many new accounts were being opened in his name in quick succession but that it recovered.

Mr A has described how he had to telephone each of the organisations and businesses for which accounts had been falsely created to correct them and it took ages.

Mr A described that all these incidents and the time taken to put things right has affected him in several ways including, loss of time, anxiety, cost of calls, and other points.

One of our adjudicators looked at the complaint and obtained information from Lloyds relating to the fraud issues and how it was put right for Mr A in December 2021 and January 2022.

Our adjudicator could see that Mr A had suffered loss with the fraudulent transactions but those had been refunded by Lloyds.

As for the explanations, our adjudicator had been informed that for the first new card sent to Mr A, it must have been intercepted in the post as that card never got to Mr A's home and it was used to do some of the transactions.

The second new bank card did arrive at Mr A's home and yet was used to set up a TV company account which even Lloyds has not been able to find the answer as to how or why.

The Direct Debit arrangements done by an unknown third person was an additional part that

Lloyds was not able to answer. But our adjudicator pointed out to Mr A that Lloyds can't explain it all.

Our adjudicator concluded:

'Considering all of the details of your complaint, and whilst it is clear Lloyds could have provided a better service they have accepted this and apologised and I think the offer of £99 is fair in this instance.'

Mr A was not content and wanted an ombudsman to review the matter. So, the unresolved complaint was passed to me to decide.

I issued a provisional decision as I did not consider that £99 was enough to compensate Mr A for the distress and inconvenience surrounding the fraudulent matters which it had accepted and had said in its FRL – *'Although we refunded you, there were other issues you had following suspected identity theft we didn't address effectively.'*

I decided to issue a provisional decision on 17 July 2023 in which I give reasons for my plan to increase the compensation due to Mr A by an additional £125.

Lloyds has accepted this proposal and so I'm issuing this decision to bring the complaint to a resolution.

What follows is a duplicate of the provisional decision. Usually, I would place this in smaller type to differentiate it. Mr A has told us of a health issue. Although Mr A has not asked us to put in place any special accommodations when writing to him, I do not think that a smaller type size for part of this decision would assist. So, I have left it in the normal size type.

Provisional decision dated 17 July 2023

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Lloyds has accepted that the fraudulent matters occurred and has put things right for Mr A by refunding the lost monies which were transactions from his account. So, I need not say more about that as Lloyds has done what I think it should have done.

As for the parts about which Lloyds has no answer then I must agree that Lloyds' investigation has identified that an unknown third party has accessed the details about Mr A and Mr A's account and carried out transactions using one card, and potentially with the other card and has set up Direct Debit arrangements using his account details.

But if Lloyds does not know who that unknown third party was then I do not see how Mr A can expect Lloyds to discover that unknown third party now. And I would not necessarily expect it to.

Sometimes it may be the case that an investigation by Lloyds does lead to an identifiable individual responsible. But it seems with Mr A's account details it has not been able to establish an individual responsible.

The police have been informed and in the last 18 months it may have made progress – I am unaware of any updates and to resolve this complaint I do not need them.

Mr A has given no specifics about the effect on his credit file and so I've no evidence of any financial impact arising out of that.

Mr A was asked about any medical costs but none were given.

As for the internal workings of the Lloyds banking system and the data protection systems it has in place then the better organisation to investigate properly is the Information Commissioner and I consider that the Information Commissioners Office can assist there where we are not able.

What I do think is that the £75 and £24 offered to Mr A for an accepted lack of communication to Mr A at a very difficult time for him is too low a figure.

I have read all that Mr A has sent to us and all that he has experienced and I think that a larger sum for the distress and inconvenience is justified and I am planning to award £125.

With the £75 already received that would take it to £200 for the distress and inconvenience experienced by him.

I have no evidence of any call costs or other costs and so I do not make any other compensation award. Mr A has received £24 for the costs of calls already.

This is the end of the duplicated provisional 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.

Lloyds wrote to say that it agreed with the additional £125 to be paid to Mr A to reflect the distress and inconvenience experienced by him.

Mr A has not responded. The adjudicator has written to Mr A and has tried to telephone him to check that the provisional decision has been received and whether he had anything further to add.

I am conscious that the FRL for this complaint was issued by Lloyds in January 2022 and so this has been an ongoing matter for both parties for twenty months.

So, it seems fair and reasonable for me to bring the parties resolution and to issue the final determination today.

As Lloyds has agreed to the additional compensation sum and as Mr A has not sent any further comments, evidence or submissions to us following my provisional decision, then I see no reason to depart from my earlier findings.

Putting things right

Lloyds needs to pay some additional compensation and so I increase the distress and inconvenience compensation award to £200 by awarding a further £125 to be paid to Mr A by Lloyds. This £125 is in addition to the sums already paid to Mr A.

My final decision

My final decision is that I uphold the complaint in part in that the award for compensation is increased. I direct that Lloyds Bank PLC does as I have outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 30 August 2023.

Rachael Williams
Ombudsman