

The complaint

Miss B complains that London Community Credit Union Limited (“LCCUL”) failed to fully refund transactions she didn’t recognise.

What happened

In early November 2022, Miss B noticed several transactions that had been made from her account that she didn’t recognise. She believed the amount totalled £610.00 but this was later corrected to £609.38. She notified LCCUL about them and they advised that her card had been cancelled and a replacement ordered for her.

Over several months, Miss B attempted to reclaim those funds taken from her account. She repeatedly asked LCCUL for an update on their investigation into the disputed transactions without much success.

Miss B made a complaint to LCCUL and waited a few months for a response. Eventually in March 2023, Miss B brought her issue to the Financial Ombudsman Service for an independent review.

LCCUL were asked to provide their file for the complaint raised by Miss B. LCCUL sent limited information concerning the complaint and in May 2023 advised our service that they’d made a refund for £569.38 to Miss B’s account.

Once the refund was paid, Miss B noticed that one of the disputed transactions for £40 had been missed by LCCUL.

An investigator reviewed Miss B’s complaint and commented that the lack of information from LCCUL made it difficult to investigate. As they weren’t able to show the disputed transactions had been authenticated – Miss B was due a full refund. The investigator recommended that LCCUL make the outstanding payment of £40 to Miss B including adding interest at 8% for the period of time Miss B was without her funds. Also to pay Miss B £100 for the stress caused to her by their handling of the issue.

LCCUL’s responded to say they’d sent documents and wanted to know what specific information was required. The investigator repeated what information was required from LCCUL and gave them a date to send it to our service. LCCUL later responded to say they had nothing more to add to the complaint.

The complaint has now been passed to me for a 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.

The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that LCCUL can hold Miss B liable for the disputed payments if the evidence suggests that it's more likely than not that she made them or authorised them.

LCCUL can only refuse to refund unauthorised payments if it can prove Miss B authorised the transactions, but LCCUL cannot say that the use of the payment details conclusively proves that the payments were authorised.

Unless LCCUL can show that consent has been given, it has no authority to make the payment or to debit Miss B's account and any such transaction must be regarded as unauthorised.

As no authentication data was provided by LCCUL, it's been difficult to determine what happened with Miss B's account. LCCUL themselves appear to have accepted Miss B wasn't responsible because they've subsequently made a partial refund to her. So, based on Miss B's claim and LCCUL's actions, I'm satisfied that those transactions reported by Miss B were unauthorised for the purposes of this complaint.

When they refunded Miss B, one payment that was originally reported by her wasn't included in the refund. So, LCCUL should now refund Miss B the missing £40 from her original claim.

Despite what LCCUL have claimed, the information provided by them is sparse. It hasn't been possible to determine what steps they took once Miss B notified them about her losses in November last year. It's apparent that Miss B asked LCCUL for help and received little in return. The refund was only made once she brought her complaint to the Financial Ombudsman Service and even then it was only partially refunded.

LCCUL's response to Miss B (or lack thereof) made her situation worse. I accept they weren't responsible for the disputed transactions themselves, but from the evidence, it appears they failed to act in a timely manner, dragging out unnecessarily the claim by Miss B. LCCUL caused Miss B additional stress and inconvenience and should now pay her £100 for the impact of their handling of her situation.

Putting things right

LCCUL to pay Miss B the outstanding £40 from her claim, adding 8% simple interest to the total of her losses from the date she notified LCCUL of the loss to the date the refund(s) are paid (most have already been repaid). I'm assigning 8% interest here because Miss B was without those funds for a considerable time and lost the opportunity to use them for other purposes. LCCUL are also to pay Miss B £100 for the handling of her claim.

My final decision

My final decision is that I uphold this complaint and London Community Credit Union Limited are instructed to settle the complaint as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 2 October 2023.

David Perry
Ombudsman