

The complaint

Mr C complains that Lloyds Bank Plc will not refund payments he says he did not make.

What happened

Between January and June 2022 a series of transfers and card payments were made from Mr C's Lloyds accounts. These were either transfers to Mr C's brother, Mr D, or card payments to online gambling sites and totalled over £194,000.

Mr C says that he had been locked out of his online banking in around April 2022, and had also lost his card for his main current account in May 2022. He says that when he reordered a new debit card and was unable to get it to work he visited a branch and discovered the payments that had been made. Mr C believes that Mr D gained access to his online banking and was making the payments to fund gambling.

Lloyds reviewed the disputed withdrawals, but did not agree that there was evidence to show they had not been authorised, so it declined to refund them to Mr C.

Mr C maintains that he did not make these withdrawals. He reported Mr D to the police and says that Mr D had also opened accounts in Mr C's name without his consent at other banking institutions. Mr C was able to recover around £55,000 from Mr D but would like Lloyds to reimburse him for the remainder of his loss.

Our Investigator looked into what had happened. They felt it was reasonable for Lloyds to conclude that Mr C had more than likely authorised the payments or otherwise allowed them to be made. So they therefore did not recommend that Lloyds refund the payments to Mr C.

Mr C maintains that Mr D made the payments without his knowledge or permission. So as no agreement could be reached this case has 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.

Having done so I've reached the same conclusions as our Investigator, and for the same reasons.

Whether a payment transaction has been authorised or not is important because account holders will usually be liable for payments they've authorised and, generally speaking, banks will be liable for unauthorised payments. If Mr C made the disputed payments himself or authorised them to be made on his behalf, it would not be fair to ask Lloyds to refund them.

I can't say with certainty exactly what happened here. But the key issue I have to

consider is whether Lloyds can reasonably hold Mr C responsible for these transactions because there is adequate evidence to suggest he authorised them himself or allowed them to be made. And with the evidence I've seen, I believe Lloyds can.

I've thought very carefully about how Mr C has said he thinks Mr D could have accessed his online banking to make the payments, but I agree with our Investigator's findings that there is not a plausible point of compromise here. Mr C has said that he did not use 'biometrics' on his phone, meaning that he didn't use fingerprint ID or face ID. Many of the payments in dispute here were authorised using biometrics. But if it was Mr D that had set up biometrics on the banking app then he would have needed multiple pieces of Mr C's security information in order to do so, including details like the PIN for the phone, Mr C's mobile banking passwords, and Mr C's memorable information. Mr C has said that he tended to use information based on his father's name and date of death for those security details, and that Mr D could have guessed that information. But given that there are numerous different combinations of that data which Mr C could have used, and that there do not appear to have been any incorrect entries recorded around the time of the payments, this does not seem to me to be plausible. And Mr C has said his security details were not written down anywhere, so I cannot see a plausible explanation as to how Mr D would have been able to accurately guess all this information, on the first try, unless the security details had been shared with him by Mr C.

In addition, there are other features of what has happened here that I think do give cause for concern. Specifically:

- That there have been inconsistencies in what Mr C has said about whether he did or didn't make the payments to his mother during the period of the disputed payments. Mr C has said to us that he didn't make the payments to his mother, but he told the police that he had made them. I appreciate Mr C says now that he didn't want to get his mother in trouble but we've nonetheless not seen any explanation for why these payments would have been made to Mrs C.
- Mr C has also told us he had no knowledge of the second current account that the payments to Mr D were made from, but when he discussed it with Lloyds he did seem to be aware of it and did not say it was an account he hadn't opened or that he had been unaware of it until recently. It seems that this is something he would have mentioned to the bank if it was the case that he had not opened the account himself.

With all this in mind I'm satisfied that it is reasonable for Lloyds to have found that Mr C more likely than not did authorise the payments in dispute here, or otherwise allow them to be made. I've not seen anything to make me think it would be fair to hold Lloyds responsible for the loss Mr C is claiming. It follows that Lloyds is therefore entitled to hold Mr C liable for the disputed payments, and so I won't be asking Lloyds to refund any of the payments in dispute here.

I know this will be very disappointing for Mr C, but I hope he will understand the reasons for my decision.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 11 January 2024.

Sophie Mitchell

Ombudsman