

The complaint

Mrs M has complained that Lloyds Bank PLC won't refund transactions she says she didn't make or otherwise authorise.

What happened

During a day in spring 2023, over £5,000 worth of bank transfers were made from Mrs M's Lloyds current account to another account, using the mobile banking app.

Mrs M says these transfers were made without her permission. She explained her phone was with her the whole time, it was never unattended, and no one else had access to it. Her security details were unique, were not recorded anywhere, could not be realistically guessed, and no one else knew them.

Lloyds held Mrs M liable for the payments in dispute. They noted that while the app had recently been registered to a new phone, that registration had been made using Mrs M's genuine phone, at her normal IP address, using her correct security details, and they'd had a call with the same number she uses now to confirm the new phone being genuine. The payments were made using her correct security details. Mrs M was sent a notification about the change in phone, as well as other notifications about the account's activity, and she also repeatedly logged into her mobile app on her genuine phone using her biometric fingerprint, but she didn't tell Lloyds anything was wrong until after the disputed payments finished and her account was drained.

Our investigator looked into things independently and didn't uphold the complaint. Mrs M's representative appealed, so the complaint's been passed to me to decide.

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.

Broadly speaking, Lloyds can hold Mrs M liable for the payments in dispute if the evidence suggests that she authorised them, either by making the payments herself or by giving someone else permission to make them.

I'm satisfied from Lloyds' technical evidence that the payments in dispute used Mrs M's genuine security details, on a genuine Lloyds mobile app, from a device which had been registered using the same phone Mrs M still uses now. So I can see that these transactions were properly authenticated. The question, then, is whether the evidence suggests that it's most likely Mrs M consented to the transactions, or not.

The disputed payments were made from a new phone with a new phone number, which had been registered a few days beforehand. However, the registration was done using the same phone which Mrs M still uses now, which did not go missing and which only she had access to, at her genuine IP address – the same IP address Mrs M used for her genuine activity before and after. It was also done using her correct security details, which only Mrs M knew and which were not recorded anywhere. And Lloyds spoke to someone on Mrs M's genuine phone number – the same phone number she still uses now – who confirmed that the newly registered phone was genuine. This person knew Mrs M's sensitive information and was able to pass security to be identified as her. They even verified themselves by logging into Mrs M's app on her "old" phone while talking to the advisor. Further, before and after the number change, Mrs M logged into her Lloyds app using her biometric fingerprint and checked the registered phone number to confirm the change. I've not found any likely or plausible way that someone could've had access to Mrs M's physical phone, the IP address at which she normally did her online banking, her phone number, all her various security information, and her actual fingerprint, all without her knowledge or consent.

Mrs M was sent a notification about the change in phone number (again, to the same genuine number she still uses now), telling her about the change and asking her to get in touch if this wasn't her. That was several days *before* the disputed payments. But she didn't contact Lloyds then. She then received further notifications about the account activity. And over the following days, Mrs M repeatedly logged in on her genuine phone (the one she still uses now, as opposed to the newly-registered one) while the disputed activity was going on, often using her biometric fingerprint. But she didn't contact Lloyds until after the disputed payments had finished and her account was drained. It's unlikely that Mrs M would wait so long to report the disputed activity if it was being done without her consent.

I appreciate that a new phone, with a new phone number, was used to make the disputed payments. And having listened to the calls involved, I accept that the voices differ in the calls. But even if I accept that Mrs M didn't physically make the payments herself, it was still possible for her to have given someone else permission to make them. And I'm afraid that all the evidence I went through above points to this being a more likely and plausible possibility than the payments being unauthorised. Ultimately, there does not appear to be a likely or plausible way that the payments could have been made without Mrs M's consent.

I also appreciate that Mrs M would like Lloyds to investigate the recipient or give her more details about them. But Lloyds are a bank, not a police force, so they can't investigate the recipient in the way Mrs M would like. And they also can't give her the details she wants due to data protection laws.

In summary, I'm satisfied that Mrs M's genuine physical phone, IP address, phone number, and security details were used to register a new device and make the disputed payments. I'm also satisfied that Mrs M was active on the account while this was going on, as she was accessing it using her biometric fingerprint. Based on the evidence, there isn't a likely way that someone did this without Mrs M's permission. That leaves only one likely possibility – that the payments were made with Mrs M's consent. This is a difficult message for me to give, and I know it's a difficult message for Mrs M to receive. But given the evidence I have, and the balance of probabilities, I'm unable to reasonably reach any other conclusion.

So based on everything I've seen, I think it's fair for Lloyds to decline a refund in this case.

My final decision

For the reasons I've explained, I don't uphold Mrs M's complaint.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 5 February 2024.

Adam Charles
Ombudsman