

The complaint

Mr G complains Lloyds Bank PLC has allowed unauthorised direct debits to be set up on his bank account and that it hasn't done enough to protect his account.

What happened

Between 2019 and January 2024, Lloyds made payments on direct debits that Mr G believes were set up without his authorisation. In each case, when Mr G told Lloyds the direct debits were not authorised by him, Lloyds credited Mr G's account with the amounts collected and the direct debits were cancelled. Mr G complained that this was still happening despite telephone calls to Lloyds. In its final response to Mr G's complaint, Lloyds apologised for the inconvenience Mr G had been caused and reaffirmed that he could close his account and set up a new one if he believed someone had obtained his personal information. Lloyds paid £100 into Mr G's account to recognise he'd been kept waiting on the telephone for lengthy periods and had been passed to different departments.

Mr G brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought that Lloyds had treated Mr G fairly. Mr G asked that an Ombudsman decides the complaint.

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 crux of this complaint is that Mr G believes Lloyds should have done more to protect his account from unauthorised direct debits. I understand Mr G will be disappointed, but for very much the same reasons as the Investigator, I've decided that Lloyds doesn't need to do anything else. I will now explain why.

In 2019, when Mr G reported two direct debits had been applied to his bank account, Lloyds recorded that in a telephone call Mr G cancelled the direct debits and that Mr G had reported the matter to the police. In 2022, after a new direct debit had been received and a payment made – and refunded - Lloyds suggested Mr G should contact the police and advised that he could close his existing account and open a new account with Lloyds if he believed someone had access to his account information. Further direct debit payments were made in late December 2023 and January 2024, but these were cancelled by Mr G when he didn't recognise them. Lloyds again made full refunds using the Direct Debit Guarantee scheme.

I understand Mr G's frustration that a number of direct debits with different businesses have been sent to Lloyds, but in this case, Lloyds acted fairly and reasonably when Mr G said he didn't recognise the direct debits. Lloyds refunded the amounts of each debit promptly and it seems that Mr G contacted the businesses to cancel the direct debits.

Mr G believes Lloyds should have checks in place to prevent unauthorised direct debits being applied to his account. Businesses using direct debits are carefully vetted before they're authorised and after that, they're closely monitored by the banking industry. Lloyds

isn't required to contact its customers when it receives a new direct debit mandate on an account, but it can provide a consumer with a copy of the instructions it received, if requested. I can't see that Mr G requested a copy of the instructions Lloyds received on each individual direct debit, but, regardless of this, Lloyds arranged for a full refund on each direct debit under the Direct Debit Guarantee scheme.

It seems more likely than not – in Mr G's case – that someone has or did have access to his personal banking details, specifically enough to set up direct debits through various businesses. The notes provided by Lloyds suggest that as early as 2019 Mr G held this suspicion and has in the past reported this to the police and received a crime number. So, it was reasonable for Lloyds to suggest to Mr G that he could close his existing account and open a new account with it, as any future direct debits on the old account would be rejected because the account was closed. Although this would have meant minor inconvenience for Mr G, it would have prevented anyone with Mr G's old account details attempting to set up new direct debits.

It's important for me to clarify that the direct debits I've seen were from different businesses and were made over a period of more than four years. Lloyds has a system in place to stop a specific direct debit mandate, but as most of the direct debits in question were presented only once, I don't think this would have benefited Mr G. This is because Lloyds system automatically deletes the 'stop' after 30 days. It seems to me it was reasonable for Lloyds to promptly refund the unauthorised direct debits to Mr G's account, and I'm persuaded Lloyds treated Mr G fairly and reasonably in the circumstances.

Mr G spent time talking to Lloyds on the telephone about his experiences, with eight interactions taking place on 29 January 2024. I've taken into account that Mr G would have to call Lloyds to raise concerns about the direct debits if he felt they were unauthorised, but this seems like it was more than just minor inconvenience a consumer could experience. Lloyds accepts that it didn't manage Mr G's calls as well as it could have, and I've decided Lloyds apology and payment of £100 is a fair and reasonable outcome to this part of Mr G's complaint.

In his recent comments to our Investigator, Mr G explained that he's complained to the Information Commissioner's Office ('ICO') that Lloyds may have sent out statements and documents to his old address and that this may have led to his personal information being obtained by a third-party. As this specific complaint has been raised with the ICO and is not part of the complaint Mr G made to Lloyds, I'm not able to comment further on this matter.

My final decision

I've decided that Lloyds Bank PLC treated Mr G fairly and reasonably and the payment of £100 it made to Mr G is a fair outcome to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 17 May 2024.

Paul Lawton
Ombudsman