

## **The complaint**

Miss B complained because Lloyds Bank PLC refused to refund her for a payment which she'd said was fraudulent.

## **What happened**

On 23 October 2023, there were two debits to Miss B's Lloyds account. They were to an online digital distribution service, and one was for £9.49 and the other for £159.99.

Miss B contacted Lloyds and said the payments were fraudulent and she hadn't authorised them. She told Lloyds she hadn't had any dealings with the merchant. In reply to Lloyds' questions, she said no-one else had access to her card, or to any devices on which the card was stored.

Lloyds gave her temporary refunds while it investigated.

On 28 October, Lloyds emailed Miss B. It said that the retailer had informed Lloyds that Miss B had used her account in a previous transaction which she hadn't said was fraudulent. It said Miss B could get in touch if she had evidence to indicate she hadn't authorised the transaction, but otherwise Lloyds would re-debit the money within the next 10 working days.

Lloyds re-debited the £159.99 payment on 13 November and Miss B complained. She said she was unhappy that the money had been re-debited, and said Lloyds hadn't given her any warning. She also asked if she could repay the money in instalments, and Lloyds gave her a phone number for its financial difficulties team. Miss B said she wanted a full refund and compensation.

In Lloyds' final response to Miss B's complaint, it said it had written to her about the re-debit on 28 October. It confirmed that the retailer had said Miss B had previously bought digital services from them and hadn't disputed that. Lloyds' investigation had also shown that there was a match for the IP address (a unique computer identifier) between the undisputed previous transaction to the retailer, and the October 2023 disputed transaction. So Lloyds didn't uphold Miss B's complaint. It suggested she could get in touch with the retailer direct, and also offered her the chance to speak to its financial assistance team if she was struggling with her finances.

Miss B wasn't satisfied and contacted this service.

When Miss B phoned us, she said *"I accidentally pressed the subscription thing and didn't realise it was £150 a month."* She went on to say that she'd asked the retailer for a refund, but it had refused, so she'd raised the fraud claim with Lloyds.

But later, when she completed a complaint form, she said one of her children had bought the subscription.

In Miss B's complaint form to us, she also said that Lloyds had emailed her to confirm the transaction had been genuine, but she said that email hadn't said when the money would be reclaimed so this caused her hardship.

But in a later email to us, she said she'd never received Lloyds' 28 October email declining her claim.

Our investigator didn't uphold Miss B's complaint. He considered that Miss B had authorised the disputed payment, so Lloyds wasn't liable to refund her. He also said that Lloyds' 28 October email declining Miss B's claim had been clear about when the money would be reclaimed. And whether or not Miss B received the email, Lloyds hadn't made an error because it had provided notice, which had been sent to the correct email address.

Miss B didn't accept this. She asked for a copy of the email from Lloyds, saying she hadn't received any email from them. She said it was very unfair that no-one could help her get her money back, and said she was surprised the retailer allowed this. She asked for an ombudsman's 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.

#### *What the regulations say about who's liable for disputed transactions*

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them.

The regulations also say that account holders can still be liable for unauthorised payments under certain circumstances – for example if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*."

So I've considered whether it's more likely than not that Miss B authorised the disputed payment.

#### *Who authorised the disputed transaction?*

Miss B has given conflicting evidence about what happened. As I've set out above:

- Miss B told Lloyds she hadn't authorised the payment and that she hadn't had any dealings with the retailer. But there was at least one previous payment to the same retailer, which Miss B hadn't disputed and which had been made from her IP address.
- When Miss B's phoned us, she said "*I accidentally pressed the subscription thing and didn't realise it was £150 a month.*" She went on to say that she'd asked the retailer for a refund, but it had refused, so she'd raised the fraud claim with Lloyds instead.
- So she told us she had authorised the payment – which she said was accidental – but as the retailer refused a refund, she'd decided to tell Lloyds something else, that it had been fraudulent.

- Miss B gave a third different explanation when she completed a complaint form, saying one of her children had bought the subscription.

In view of these points, I consider it's most likely that Miss B authorised the transaction herself. This means Lloyds doesn't have to refund her.

*Did Lloyds email Miss B and warn her that the money would be re-debited?*

I've seen evidence that Lloyds did email Miss B on 28 October, and that it was sent to the email address which Miss B gave us for correspondence. The text of the email was as I've set out above – in other words, it explained why Lloyds would be re-debiting the temporary credit, and when it would do so. The date set out in that letter was when the money was re-debited.

Again, Miss B's evidence has varied over time. As I've set out above, she said in her complaint form that Lloyds had emailed her to confirm the transaction had been genuine, but she said that email hadn't said when the money would be reclaimed so this caused her hardship. This was different from what she said in a later email to us, which was that she'd never received Lloyds' 28 October email declining her claim. So her evidence isn't consistent.

I find that Lloyds sent the email to Miss B, which not only told her about the re-debit, but also gave her notice that the money would be re-debited within the next 10 working days. I find that that was fair.

Although Miss B has at times said she never received the email, I consider it's more likely than not that she did receive it, as it was sent to the correct email address. But even if she didn't, what matters was that Lloyds sent it.

So I find that Lloyds acted fairly when it re-debited the £159.99 payment. I note that it chose not to re-debit the other payment of £9.49, which I consider was generous. I can also see that Lloyds consistently gave Miss B the opportunity to contact its specialist financial assistance team, if she was experiencing financial difficulties. So I find that Lloyds acted fairly and reasonably towards Miss B.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 18 July 2024.

Belinda Knight  
**Ombudsman**