

The complaint

Mr Z complains Lloyds Bank PLC (“Lloyds”) refuses to refund him for transactions on his account he says he didn’t authorise.

What happened

The facts of this case are well known to both parties, so I won’t repeat them in detail here.

In summary, Mr Z says his phone and debit card were compromised in March 2023 and following this he noticed unauthorised transactions on his account. He later complained to Lloyds again in May 2023 saying his phone and debit card had been compromised again and further disputed transactions had taken place. Mr Z would like Lloyds to refund all the disputed transactions.

Lloyds says based on the evidence it has it thinks it’s more likely than not that Mr Z authorised these transactions himself. It says Mr Z has been inconsistent in his accounts of what happened and the data from the transactions and online account activity suggest these were all carried out by him.

Our investigator considered Mr Z’s complaint but decided not to uphold it. Mr Z wasn’t happy with this outcome, so the complaint 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.

From the outset I would like to say that I’m sorry to learn of Mr Z’s current situation. I can understand this must be a stressful time for him, and I hope it helps Mr Z to have a final outcome on his complaint. I have taken into consideration all the circumstances of this case and having done so I am not upholding this complaint. I will explain why.

Generally speaking, Lloyds is required to refund any unauthorised payments made from Mr Z’s account. Those rules are set out in the Payment Service Regulations 2017. Mr Z has said he didn’t carry out the transactions in dispute, but Lloyds says it thinks he did. So, I have given my view on whether I think Mr Z did authorise the transactions or not.

I’ve considered Mr Z’s testimony throughout his complaint, but he has been contradictory in his evidence and has changed his story several times. He first told Lloyds that he was being threatened by a friend who forcefully took photos of his debit card and took his phone a few days prior to the first disputed transaction. Then, after Lloyds denied his claim Mr Z changed his story and said he was drunk at a party on 9 March 2023 and lost his debit card and phone.

Lloyds replaced his debit card and Mr Z claimed to regain possession of his phone, but he then said his phone and debit card were again lost in a market just prior to further disputed transactions taking place on his account. When Lloyds informed him that the IP address of

these disputed transactions matched the IP address Mr Z had been logging into regularly on his banking app, Mr Z said that someone in his building had taken his phone and debit card.

So as Mr Z's account has been changing throughout his complaint, I've not been able to rely on what he has said as much as Mr Z would've liked me to. Mr Z says he has changed his story because he wants his complaint to be investigated thoroughly. In reaching my decision I can assure Mr Z I have looked at all the evidence supplied by both parties to reach a decision on what I think is more likely to have happened.

The disputed transactions began on 9 March 2023, and they were all made to gambling companies. Lloyds has provided evidence of Mr Z's account transaction history which shows he had made payments to one of the same gambling companies prior to the disputed transactions – so it seems likely he had an account with them already.

On 9 March 2023 there are several transactions in quick succession to a variety of gambling companies. Mr Z says these happened while his phone was not in his possession. He also told us while his phone was missing, he used his iPad. And we have no evidence to suggest his iPad had been compromised in any way. But the evidence supplied by Lloyds shows Mr Z's internet banking was logged into during the time of the disputed transactions via his iPad and via the phone he claimed was missing. It also shows that some of the login's were via biometrics – this means face or fingerprint ID – and this was all carried out at the same IP address within minutes of each other. Mr Z says his phone passcode and banking app passcode were all stored with his missing phone, but this doesn't explain how someone else was able to log-in using his biometrics at the same time and location as Mr Z on his iPad. This is also the same IP address as other previous non-disputed transactions. So, I think it's likely these transactions were all carried out by Mr Z himself.

I've also seen evidence that Mr Z funded the disputed transactions with money from his other accounts. This suggests he was carrying out the transactions himself and was topping up his account to make more of the same transactions. For example, on 9 March 2023 Mr Z transferred £500 into his account from another account. These funds were then spent on gambling sites which Mr Z denies responsibility for. Then later the same evening Mr Z transferred £2000 into the account from another account in his own name. Again, these funds were used for further payments to gambling websites. I don't think Mr Z would continue to transfer money into his account if his phone had been lost and he had seen unauthorised transactions leaving the account. Instead, I think it's more likely Mr Z was responsible for these transactions himself.

Mr Z initially raised a charge back for a payment on his account for £1,500 stating that he didn't receive the service he paid for. He said he had his phone for this payment on 9 March 2023 at 9.14pm. This again contradicts what Mr Z said about his phone being lost. After Mr Z was informed by Lloyds that the chargeback request was not successful, Mr Z said this transaction was unauthorised. However, Lloyds have provided evidence that this transaction required an additional authorisation step via approval in his banking app. And the evidence shows this transaction was approved using Mr Z's iPad at the same IP address mentioned above which is also the same as his online banking logins from February 2023. So, I am persuaded that this transaction was also not unauthorised and more likely completed by Mr Z.

Mr Z also disputed transactions from May 2024. Lloyds investigated these and provided evidence that they were carried out from the same IP address as a genuine internet login that Mr Z completed while on the phone to Lloyds a few days after. Lloyds have shown that these transactions also required verification via a one-time passcode sent to his registered number. The one-time passcode was entered correctly and so the transactions were completed. Mr Z's evidence is that he had lost his phone and debit card, but I think he

would've have blocked his SIM card immediately had his phone truly been lost. So, I think it's likely Mr Z's phone and card had not been lost or taken by someone else, and I think he used the one-time passcode to authorise the transactions in dispute.

I know this outcome will come as a disappointment to Mr Z. Again, I am truly sorry to hear about the position Mr Z finds himself in. I appreciate this is a lot of money and this must be a tough time for him. However, as I have set out above the evidence shows that it's likely all the transactions in dispute were carried out by Mr Z. So, I am unable to uphold this complaint, and so I will not be asking Lloyds to refund any of the money.

My final decision

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 25 July 2024.

Sienna Mahboobani
Ombudsman