

The complaint

Mr A complains that Lloyds Bank PLC is holding him liable for two transactions which he says he didn't authorise.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here.

In summary, Mr A has said that on 4 July 2024, transactions totalling £640.19 and £312.78 were debited from his account which he didn't authorise. He has explained that he landed back in the UK from holiday on 4 July 2024 and saw two payments he didn't recognise. He believes his card was stolen while he was at the airport.

Mr A contacted Lloyds on 5 July 2024, but it refused to refund the disputed transactions. It said they were both made using chip and pin, and whilst Mr A had stated the card was stolen, there was no compromise to the pin.

When Mr A brought his complaint to this service, Lloyds stated that Mr A had told it his PIN wasn't written down and kept with the card, and no one else knew the PIN, so there was no point of compromise. It explained that both payments were made using chip and pin and there were no failed PIN attempts, declined transactions, or attempts to use the card after it was cancelled. So, there was nothing to suggest the transactions were carried out by someone who had fraudulently obtained his security information.

Our investigator didn't think the complaint should be upheld. She noted that there was £670.92 in the account after the transactions took place, and there were no attempts to use the card after it was cancelled, which isn't consistent with fraudulent activity.

She commented that Mr A's account of events and the fact there were no failed PIN attempts meant that a third party would have had to see him enter his PIN (the last time he used the card was the day before) and have been at the airport when the card was stolen, which seemed unlikely. Alternatively, the PIN was with the card when it was stolen. Or the disputed transactions were carried out with Mr A's permission.

She concluded that even though Mr A had shown evidence that he was on a flight when the disputed transactions took place, she was unable to establish how a third party would have known the PIN, so she concluded that it was unlikely that an unknown third party had made the transactions.

Mr A has asked for his complaint to be reviewed by an Ombudsman. He's explained his description of events was inconsistent because he couldn't remember if his wallet was stolen, and he thinks it's possible that the person he stayed with (who dropped him to the airport) could have seen his PIN and then stolen the card.

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 conclusion as our investigator. And for largely the same reasons. I know Mr A feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

Authorisation

Authorisation has two limbs – authentication and consent. So, Lloyds needs to show the transactions were authenticated as well as showing Mr A consented to them.

Authentication

Lloyds has been able to show the transfers were made using Mr A's debit card and PIN - so I'm satisfied they were authenticated.

Consent

I accept Mr A was on a plane when the disputed transactions took place, so they must have been done by a third party. Mr A has said the PIN wasn't with the card, and he didn't share it with anyone, but the transactions were made using Mr A's card and PIN, so I'm satisfied that whoever used the card must have known the PIN.

I agree with our investigator that the idea that someone observed the PIN being inputted and then stole it at the airport isn't plausible because of the gap between the last payment and the theft. Mr A has since suggested that the person he stayed with might have observed him inputting the PIN during his stay and then stolen it from him at the airport.

To uphold the complaint on this basis, I'd have to conclude that this was the most likely explanation for how someone came to know the PIN and have access to the card without Mr A's consent. Unfortunately, I don't think it is because I would have to accept that someone Mr A had been staying with and trusted had stolen from him. In addition, they didn't continue spending until the account was drained (or the card cancelled), or make any balance enquiries, something we would normally expect a fraudster to do, and which would be consistent with what I would expect from someone engaged in such an intentional act of deception. And finally, while I note Mr A's has said he couldn't remember, I'm concerned that he has given inconsistent accounts about a key element of the theft, which is whether his wallet was stolen.

So, while I acknowledge it is possible that the card was stolen and used by the person Mr A stayed with, I'm not satisfied that this is the most likely explanation for how the third party knew Mr A's PIN.

Overall and having carefully considered the circumstances, I think it's most likely that the transactions were performed by a third party to whom Mr A had given consent to use his PIN. Because of this, I'm satisfied Lloyds has shown that Mr A authorised the transactions and so I can't fairly ask it to refund the money.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 16 July 2025.

Carolyn Bonnell

Ombudsman