

The complaint

Ms D complains Lloyds Bank Plc did not refund a transaction from her current account that took her into an unauthorised overdraft.

What happened

Ms D complained to Lloyds about a transaction for £1,519.93 to an online retailer, I'll call A. Ms D was particularly unhappy this transaction had been allowed to debit her account despite there being insufficient funds in her account at the time it was taken and no agreed overdraft in place.

Lloyds looked into the transaction and said they thought Ms D had authorised the transaction herself – so didn't intend to refund it.

Ms D wasn't happy with Lloyds' response so referred her complaint to our service. An Investigator considered the circumstances of Ms D's complaint. He said, in summary, he also thought the payment was likely authorised because it was made using the same device, and from the same location, she had used for other genuine transactions shortly before the disputed one took place.

Ms D didn't agree. She said she wanted the case reviewed by an Ombudsman. So it's been passed to me to decide. On 21 August I issued a provisional decision, an extract of which I have included below.

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The disputed transactions

Our Investigator concluded that he didn't think the transaction was unauthorised. I've not commented on this in my decision because having reviewed Ms D's statements, I can see the payment to A was refunded to Ms D's account on 20 September 2023, two days after it debited her account.

Furthermore, our service contacted Ms D to clarify what she remained unhappy with. Ms D told us she was unhappy how Lloyds had handled things when she contacted them regarding the payment to A as this caused her stress and anxiety. I can also see that she remained unhappy this payment was allowed to debit her account even though there wasn't enough money in it – leaving her in an unauthorised overdraft. So I've gone on to consider these aspects of Ms D's complaint.

Lloyds allowed the transactions to take place

Shortly before the payment to A was authorised on 11 September 2023, Ms D moved about £1,400 into the account from which the payment to A was made. So there was enough money in Ms D's account when the payment was authorised on 11 September 2023. And then shortly before the payment actually debited her account on 17 September 2023, Ms D

transferred some money out of her account leaving an insufficient amount to cover the card payment to A.

So I don't think Lloyds did anything wrong in allowing the payment to A to debit Ms D's account, as there was enough money in the account at the time it was authorised. But in any event, the terms and conditions of Ms D's account say that if a payment is made when there isn't enough money in the account, the payment may still be taken and this could mean the account ends up in an unauthorised overdraft. So I don't think Lloyds did anything wrong in this regard.

How Lloyds handled Ms D's complaint

Ms D contacted Lloyds by phone on 18 September 2023. I've listened to three calls she had with them that day. Ms D explains that she wants the payment to A to be returned to her account because she has no agreed overdraft in place and the payment has taken her overdrawn. But when asked directly if she made the payment she says "I don't know exactly what they're trying to charge me for" and says later in the call that she had not made the transaction herself. So I can see why Lloyds initially transferred Ms D to their fraud and disputes team.

When Ms D speaks to the fraud and disputes team, she again explains she wants the payment returned because she doesn't have an overdraft. She and the agent seem to agree that it isn't a fraud dispute at this point, so the agent says she will transfer Ms D back to the banking team. I don't think this was unreasonable because Ms D appeared not to be disputing the payment at this point.

In the third conversation, I can hear Ms D was frustrated as she'd been passed to various departments. She maintained Lloyds shouldn't have allowed the payment to go through because she didn't have sufficient funds. Lloyds tried to address this with Ms D explaining payments could be taken from an account where there are insufficient funds. In this call Ms D is asked directly if she made the payment to A. She says "I did not pay" the A payment, she also said she didn't receive anything from them and doesn't owe them money. Following these comments, it was concluded this would be treated as fraud and a complaint was raised.

Although I understand Ms D's frustration, she was unclear about whether she did or didn't make the payment to A so I can understand why Lloyds was also confused. Having listened to the calls I think Lloyds were trying to assist Ms D so she could speak to the right department, and I don't think they've done anything wrong here.

As I've already mentioned, the payment was then refunded by Amazon on 20 September 2023. And Lloyds wrote to Ms D to explain why they weren't refunding the payment on (and why it had been allowed to go through in the first place) on 30 September 2023. So overall I think they handled her query about the payment in a timely fashion".

Lloyds got in touch to say they had nothing further to add following my provisional decision.

Our service didn't receive a response from Ms D.

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.

As neither party have put forward any further submissions I see no reason to depart from the findings outlined in my provisional decision.

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 Ms D to accept or reject my decision before 4 October 2024.

Marie Camenzuli
Ombudsman