

The complaint

Mr H complains that Lloyds Bank PLC (“Lloyds”) failed to refund a transaction that he didn’t recognise.

What happened

Mr H explained that after waking up around 4:00 am he checked the banking app on his phone. He then noticed that a payment for £251.90 had been taken from his account. Mr H then called Lloyds to advise them about the unrecognised transaction.

Mr H was told the payment was a cash withdrawal at an automated teller machine (ATM) that had taken place several hours earlier using his debit card and personal identification number (PIN).

Mr H was asked about his card and told Lloyds he hadn’t seen his card in quite a while. He said he didn’t know it was missing and only realised now that it was gone. He then said that it could only have been a day or so ago that he lost it.

Mr H confirmed he hadn’t disclosed the PIN to anyone and said he was asleep at the time of the transaction. After discussing the situation, Mr H was told that Lloyds weren’t going to refund him because there was no evidence to suggest the transaction had been fraudulently made. Mr H was advised to report the matter to the police.

Mr H disagreed and subsequently made a complaint. He also reported the loss to the police, but they couldn’t assist. Lloyds investigated the situation and continued to decline Mr H a refund. They told Mr H that there was no explanation for how someone could’ve guessed the PIN and Mr H couldn’t offer any suggestion how this may have happened. Lloyds explained that the use of the card was untypical of a fraudster and no further attempts were made to use the card, despite the account holding a healthy balance at the time.

Mr H remained unhappy and brought his complaint to the Financial Ombudsman Service for an independent review.

Mr H explained the loss of his funds had caused him financial and health issues, saying the money was needed for food, medical and medication.

Mr H was asked to provide more detail about the incident, and he was able to confirm that:

- He was walking down a street near to his home when he lost the card.
- His PIN wasn’t written down anywhere, nor had he given it to anyone.
- He hadn’t used the card that day.

Lloyds provided details of the transaction and information (including calls) about their own investigation.

After reviewing the evidence, the investigator concluded that Lloyds had acted fairly when they declined to refund Mr H. He commented that Mr H's account at the time held several thousand pounds which seemed to go against his claim about needing the funds for certain items.

The investigator said there was no evidence to suggest how someone could've found out the PIN. Additional reasoning was provided, including the usage of the card that was untypical of a stolen card and PIN. The investigator concluded by saying that even if Mr H hadn't made the transaction himself, if he'd given the card and PIN to someone else he'd be liable for the withdrawal.

Mr H and the investigator corresponded about the outcome reached. Mr H argued that:

- He hadn't made the payment or given the card to anyone else.
- The fraudster didn't know the balance of the account.
- He wasn't 100% certain he lost the card where he said he did as he was stressed and had learning difficulties. This means it's sometimes difficult when answering questions.
- There was no CCTV evidence that the police could review.

The investigator explained to Mr H that there were only a small number of ways the PIN could've been found, including being tricked into revealing it.

Mr H then wrote a detailed account about an interaction with a person the evening before the loss. He said he discussed various topics with a stranger, including their joint interest in certain hobbies. Mr H said he told the stranger information about himself, including when he went to sleep and his favourite food. Mr H was asked his date of birth, which he says he told the stranger.

Mr H went on to say they discussed a shared interest in maths and disclosed to each other their favourite number before they separated and Mr H went home at about 9.00pm. Mr H said he saw the man following him and now believes it's very likely he lost his card at that point, which was found by this man. Mr H went on to say that because he knew when Mr H would be asleep, he waited until 1.00am before using the ATM. Mr H now believes the man was able to work out his PIN from the information gleaned from the earlier conversation.

Mr H added that during the conversation he gave a tissue to the stranger which was in the same pocket as his card. Mr H now remembers that the stranger looked closely at his card, which had also been removed from his pocket. This showed the stranger that Mr H had a card with him. Mr H also remembered that he told the stranger he had a low three figure balance in his bank account.

Mr H further commented that the bank should've provided him a temporary refund whilst they investigated the matter. He believes that because they didn't their decision to deny him a refund is invalid.

As no agreement could be reached, the complaint has now 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.

The relevant law surrounding authorisations are the Payment Service Regulations 2017. The basic position is that Lloyds can hold Mr H liable for the disputed payment if the evidence suggests that it's more likely than not that he made them or authorised them, but Lloyds cannot say that the use of the card and PIN conclusively proves that the payment was authorised.

Unless Lloyds can show that consent has been given, it has no authority to make the payment or to debit Mr H's account and any such transaction must be regarded as unauthorised. To start with, I've seen the bank's technical evidence for the disputed transactions. It shows that the transaction was authenticated using the payment tools issued to Mr H.

It's not my role to say exactly what happened, but to decide whether Lloyds can reasonably hold Mr H liable for these transactions or not. In doing so, I'll be considering what is most likely on a balance of probabilities.

Mr H has provided various versions of what happened during the evening of the disputed transaction. When he first reported the matter to Lloyds, which was a few hours after it was made, he made no mention of his movements which he's since been able to recount in some detail.

I've thought about the differing reports received by Mr H, including the additional burdens he experiences with his various learning issues he's told us about. Whilst I understand that he was stressed at the time, the significant difference in stories that he was able to remember some four months after the event, has been difficult to reconcile. Mr H was asked on different occasions by the bank to provide details about the card and what he was doing, but didn't reveal the detail he's since told our service.

Mr H's responses to the investigator's opinion appeared to be tailored to provide reasons for how a stranger was able to obtain his PIN and card that he somehow then lost on the way home from this meeting.

I haven't given Mr H's latest responses a significant amount of weight in respect of this complaint because they're very different to the original versions he provided. I do acknowledge that additional information can be remembered, but here Mr H explains an unlikely series of events and conversations that he believes explains the use of his card and PIN by someone other than himself.

I've also considered the way the card was used, which happened (according to Mr H's timelines) several hours after he now believes he lost it. Even if I accepted Mr H's version of events concerning the timelines – it's untypical for a thief to delay using a stolen card because they don't know when it will be reported stolen or blocked. Typically, they're used straight away and are continued to be used until they're no longer useable. That didn't happen here. There was only one transaction several hours after Mr H reported last seeing it.

Mr H confirmed that no one else knew the PIN and he hadn't allowed anyone else to use his card, so I don't think it's plausible here to accept that a random stranger was able to obtain enough information and then follow Mr H, where he then dropped his card before waiting several hours to use it only once.

When Mr H first reported the matter, the Lloyd's agent carried out an immediate investigation based on the information they were given. They told him they wouldn't refund him based on

the information they reviewed. I don't think this was unreasonable and they're decision to not provide a temporary refund was also fair based on their immediate review of the situation.

So, whilst I understand Mr H will disagree with me, on balance, I think it's more likely than not that Mr H was responsible for the disputed transaction, so it was both fair and reasonable for Lloyds to hold him liable.

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 Mr H to accept or reject my decision before 25 July 2025.

David Perry
Ombudsman