

## **The complaint**

Mrs R is unhappy with how The Royal Bank of Scotland Plc (RBS) dealt with her dispute about two 78p transactions which she says she didn't authorise.

## **What happened**

I issued my provisional decision in June of this year. I've not been provided with any additional comments or evidence that would lead me to change my provisional decision. An extract of that provisional decision is set out below.

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mrs R is unhappy with the service she received following two 78p transactions on her account which she didn't authorise. I understand that this amount was stopped from leaving Mrs R's account and she hasn't lost out financially because of this transaction.

However, RBS confirmed that they didn't deal with Mrs R complaint as they should have. In recognition of this they have offered her £150 compensation.

Mrs R is unhappy with this resolution and wants RBS to investigate the circumstances around the disputed transactions further.

The investigator concluded that the offer RBS provided is fair and as an agreement wasn't reached this case has been passed to me for a final 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.

Having done so, I'm not upholding this complaint.

Before I set out my thoughts, I want to acknowledge that I have summarised this complaint briefly and in less detail than has been provided. I've focused on what I think is the heart of the matter. While I may not comment on every point raised, I have considered it. I'm satisfied that I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this and reflect the fact that we are an informal service and a free alternative for consumers to the courts.

Mrs R has said that it is unclear if there has been an attempted fraud or whether there was a system error at the bank. While I can't say for certain what's happened here, based on all the information given I think on balance that there were attempted unauthorised transactions made from Mrs R's account to an online payment platform. RBS intervened to stop the transactions from completing and I've seen nothing to show that the transactions occurring were due to an error at RBS' side.

It isn't disputed that Mrs R didn't consent to the 78p transactions or that she has actually lost out financially because of these transactions. Based on what I have seen it appears that these transactions were flagged and stopped by RBS as suspicious.

However, what is of concern to Mrs R is how the fraudulent transaction occurred. The point of compromise which allowed the transactions to occur may be difficult to identify. It is also important to note that the fact an unauthorised transaction went through doesn't automatically mean that a business has done something wrong. Fortunately, it appears that the transactions flagged as suspicious. I'd expect a financial business such as RBS to have systems in place to identify and even stop suspicious transactions, and I'm pleased to see that that appears to be what happened here. I've noted that these transactions also don't show as having gone through on Mrs R's account statement.

I've not been provided with a specific reason why these transactions flagged. However, I wouldn't necessarily expect RBS to share this as this can be quite sensitive information. So while I appreciate Mrs R wants further information as to why these transactions flagged, I don't think RBS are unreasonable in not providing further information about this.

Looking at RBS' internal notes it appears that the transactions were attempted at around 9am on 5 June 2024 – to an online payment platform. Mrs R seems to have been told conflicting advice about these transactions – initially being told that her new card had been intercepted – but this doesn't appear to be the case as she says she received this card after the disputed transaction occurred in an untampered envelope. RBS also confirmed in their response to Mrs R that there is no evidence to suggest any internal fraud concerns.

While we cannot say for certain what happened here or how Mrs R's card details were compromised, the investigator has gone back to the online payment platform to get a bit more information. The online payment platform's website says that card details may be automatically updated without the consumer having to update the details manually. RBS in their response also say that Mastercard has a process called "automatic billing updater" which allows card providers to automatically update card details with any trusted retailers, taking recurring payments, such as the online payment platform.

While I understand that Mrs R is unhappy with this process and wants it changed (so card details aren't automatically updated until after a card is received by a consumer) – my role isn't to assess the appropriateness of RBS' policy or processes, or that of a card scheme. Instead, I'm limited to determining if RBS treated Mrs R fairly and focusing on the impact RBS' actions have had on her.

Mrs R has also mentioned that the joint accountholder received a notification from RBS asking if he would like his card details updated with online retailers. However, she says she didn't receive a message – so it's unclear why (if her card details were updated) there appears to be a different process for her. It's also unclear if the joint accountholder agreed to update his details if his agreement automatically means that Mrs R agrees for her card details to be updated as well. I also can't determine if this process is needed for Mrs R's card details to be automatically updated with the specific third-party payment provider in this case.

I can't say for certain that's what happened here. But I have noted that RBS' internal notes show that the transactions occurred on Mrs R's new card number. As she received the new card in an untampered envelope, and I can't see how these card details were compromised, I think it's more likely than not that her card details were automatically updated with the online third-party payment provider. So, it may well have been her previous card details that were compromised in some way.

Again, I want to stress that I cannot say for certain that Mrs R's card details were automatically updated with the online third-party payment platform. The online third-party platform has been unable to locate Mrs R's account (or locate an account with the card details used for the disputed transactions) when we contacted them. And Mrs R has confirmed that a different card is associated with her account now and the 78p transactions are not showing on her account with the online third party. Mrs R has also said that the card used for the disputed transactions didn't show on her account with the online third party, and I can't see what card would have shown on her account at the time of the disputed transaction I'm also not sure how easy it would be for a third party to set up a new account with the online third-party using Mrs R's card details.

All of this is to acknowledge how unsatisfactory it is that RBS is unable to provide a definitive explanation as to how Mrs R's card details were compromised. However, after going back to the online third-party payment provider, RBS and Mrs R, I think this is as close to an explanation that can be provided. And unfortunately, it isn't always possible to determine with certainty how a transaction took place, and in this case which and how specific card details were compromised.

This lack of certainty however doesn't mean that RBS have acted fairly towards Mrs R. I have noted that she has spent considerable time and effort in trying to get to the bottom of these transactions and has been provided with unclear information from RBS. Mrs R has raised numerous complaints about the level of service provided by RBS – and RBS acknowledges that they didn't act fairly here.

In recognition of the distress and inconvenience caused they have offered Mrs R £150 which I think fairly compensates Mrs R for this. While I do acknowledge that the root cause for the distress is the transaction itself – I do think this was further exasperated by the poor service Mrs R received which is why I agree that an offer of compensation is warranted here. And I'm satisfied that £150 is in line with our approach. Having looked over Mrs R statements and correspondence between Mrs R and RBS I'm satisfied that that this amount has already been paid into to her account.

### **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 Mrs R to accept or reject my decision before 31 July 2025.

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**Ombudsman**