

The complaint

Mr J complained because Lloyds Bank PLC refused to refund him for three cash machine withdrawals which he said he hadn't authorised.

What happened

On 1 September 2024, Mr J contacted Lloyds. He said he'd lost his debit card the previous night, and there had been three cash withdrawals, totalling £500, which he hadn't authorised. These were:

£150 at 8.22pm on 31 August;
£150 at 9.24pm on 31 August; and
£200 at 10.06pm on 31 August.

Lloyds asked Mr J some questions, including whether he'd written down his PIN, to which he said no.

Lloyds refused to refund Mr J, and he complained.

Lloyds issued its final response to Mr J's complaint on 22 November. It said that as part of investigating Mr J's fraud claim, it had considered the information he'd told Lloyds, the activity on his account, and the information held on its systems. Mr J had confirmed he hadn't written down his PIN or shared it with anyone, and he didn't know how anyone else would have been able to access his PIN.

Lloyds said that as it couldn't see how someone else could have accessed Mr J's PIN, there wasn't evidence to conclude the payments had been fraudulent. So it couldn't accept his claim and didn't refund the disputed payments. It suggested he could contact Action Fraud, or a fraud advice website, and said Lloyds would co-operate with any police investigation.

Mr J wasn't satisfied and contacted this service.

Our investigator asked Mr J some questions. Mr J said that his PIN could possibly have been written down in his wallet. He also said that family and friends knew his PIN. When the investigator asked Mr J if he could provide any explanation for how a third party could have learned his PIN, Mr J said that was for a police investigation. He said he'd last used his PIN at 7.48pm that day, for an £11.60 transaction at a pub, so it could have been obtained there.

Mr J said that Lloyds should return his money and carry out an investigation alongside the police. He said he'd been told to contact the police himself, and that Lloyds wouldn't return his money. He hadn't been offered any assistance, or financial advice, and nor had Lloyds later checked up on him. He said he'd banked with Lloyds all his life and had never needed assistance about fraud before.

Our investigator didn't uphold Mr J's complaint. He said that, from the evidence, he couldn't identify how a third party could have learnt Mr J's PIN. So he could only conclude that Mr J had shared his PIN with someone, or that he'd completed the cash withdrawals himself.

Mr J didn't agree. He said the police had tried to investigate but had been unsuccessful. He said that if he'd made the withdrawals himself, there were lots of CCTV cameras around the city so they could easily have noticed that. He was also unhappy with Lloyds' handling of his complaint, especially that it hadn't offered him any advice or support, or provided him with financial assistance, even after he'd said it would bring him financial difficulties. He said Lloyds hadn't even offered him any fraud advice.

Mr J asked for an ombudsman's 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.

There are regulations which govern disputed transactions. The relevant regulations here are the Payment Services Regulations 2017. In general terms, the bank is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. The regulations also say that account holders can still be liable for unauthorised payments under certain circumstances – for example if they've failed to keep their details secure to such an extent that it can be termed "*gross negligence*."

So what I have to decide is whether it's more likely than not that Mr J, or a third party unknown to him, carried out the disputed cash withdrawals. I also have to consider whether he kept his details secure.

Mr J's evidence has changed over time. He confirmed to Lloyds that he hadn't written down his PIN or shared it with anyone. But he told our investigator that his PIN could possibly have been written down in his wallet. And he said his family and friends knew his PIN.

The technical computer evidence shows that the three disputed cash withdrawals were carried out using Mr J's genuine debit card and correct PIN. So whoever carried out the disputed cash withdrawals had Mr J's genuine debit card, which he said he'd lost that evening. The person making the withdrawals also knew the correct PIN. There are 10,000 possible combinations of a four-digit number, so it's most unlikely that anyone could have correctly guessed the PIN.

I've considered how any third party fraudster might have obtained Mr J's PIN.

I've looked at whether someone might have watched Mr J enter his PIN at a previous transaction. The computer records show that Mr J's last chip and PIN transaction before the disputed ones took place at a car park at 11.58 am that day. The transactions between that and the disputed cash withdrawals were all done by contactless microchip card. That includes the one to a pub for £11.60 at 7.48pm which Mr J said was when he'd last entered his PIN. I appreciate that it's possible to forget the detail of how transactions have been made. But what this means is that if any hypothetical fraudster watched Mr J enter his PIN, it couldn't have been in the pub at the time of the genuine £11.60 transaction. I consider it's unlikely that a fraudster would have found out Mr J's PIN from watching a car park transaction at 11.58am, then followed him around until there was an opportunity to steal the card at some time after the 7.48pm pub transaction, finally using the stolen card and PIN around 8.22pm.

As I've said, Mr J's evidence has changed over time. But if he did write down his PIN and kept it with his card, that would breach the account rules, which say that a customer has to keep their security details safe.

So I can't see how any third party fraudster could have found out Mr J's PIN, unless he did write it down, in line with his later version of what happened. And if he did write it down, he wouldn't be entitled to a refund because he failed to keep it secure in line with the terms and conditions of his account.

It's also most unlikely that any third party fraudster who obtained Mr J's card and PIN would have waited around an hour between each cash withdrawal. Fraudsters want to maximise their gain as quickly as possible, and tend to withdraw the maximum very quickly.

Also, while the total of £500 may have been the daily cash withdrawal limit on Mr J's account, his statements show that there was still well over £3,000 in the account immediately after the cash withdrawals. So it's highly likely that any fraudster in possession of Mr J's card and PIN would have carried on taking out money, using a different method than cash machine withdrawals. That didn't happen.

Mr J suggested that there were lots of CCTV cameras in the area so this would show who made the cash withdrawals. But any CCTV at a cash machine would have to show both the screen and also at the same time a clear photo of the face of the person withdrawing the money, which I consider is unlikely at the location where the cash withdrawals took place.

Taking these factors into account, I consider it's most likely that Mr J carried out the disputed cash withdrawals himself, or gave someone else his card and PIN information, or wrote down his PIN with the card. Whichever of these happened, Lloyds doesn't have to refund him.

Finally, I've looked at Mr J's complaint that Lloyds didn't offer him advice, support or financial assistance. Looking at the evidence, I can't see any evidence that Mr J told Lloyds that he had any vulnerability, or that he was in financial difficulties. As I've mentioned above, his account balance immediately after the disputed withdrawals was well over £3,000 so I wouldn't expect Lloyds to have asked whether the withdrawals caused him financial difficulties. Not would I expect Lloyds to contact him later to check up on him, as Mr J suggests it should have done. In terms of advice, Lloyds' final response letter suggested contacting Action Fraud, and went on to say "*You can also visit [takefive-stopfraud.org.uk](https://www.actionfraud.org.uk) which offers fraud protection advice.*" So I don't agree that Lloyds failed to offer Mr J any fraud advice.

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 J to accept or reject my decision before 28 March 2025.

Belinda Knight
Ombudsman