DRN-5301725

Financial Ombudsman Service

The complaint and what happened

Miss H has asked our service to look into several complaint points she has raised with Lloyds Bank PLC, who previously provided her with a current account, which I've summarised as follows:

- Miss H disputes authorising several payments debited from her account. She is unhappy that Lloyds is holding her liable for them.
- In April 2024 Miss H requested, and was charged for, a £200 ATM withdrawal. But she says the machine only issued her £10 cash – and Lloyds won't refund her for the cash she didn't receive.
- Miss H is unhappy with the service provided by Lloyds over the phone when reporting her disputes. She thinks it should compensate her for this.
- Miss H is unhappy with Lloyds' decision to close her account.

Our investigator didn't uphold Miss H's complaint. He explained he had only identified and considered payments she had disputed which had been sent to an individual, "G", in May 2024 – and she needed to confirm details of any further disputed payments if she wanted us to consider them.

The investigator wasn't persuaded it was likely someone else could have made these payments – noting that, while there was an indication of "biometric updates" and a password change during the period of the disputed payments, Miss H also made undisputed payments in close proximity during that time. He also considered there were some inconsistencies in what Miss H had told Lloyds about how someone else could have accessed her device to make the payments.

The investigator was persuaded by the ATM provider's evidence that no errors had occurred dispensing Miss H's cash. He thought Lloyds handled the account closure fairly and in line with the terms of the account – and wasn't persuaded compensation was due for the service provided over the phone.

Miss H appealed the investigator's outcome. She said the individual who made the disputed payments ("C") was in her home and using her phone – which she says had two facial IDs set up. She provided records to support that her phone was being remotely accessed.

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 decided not to uphold it. I appreciate this will be disappointing for Miss H. I've explained below how I've considered each of the issues she has raised.

The fraud claim

- Miss H disputes authorising several payments debited from her account. She is unhappy that Lloyds is holding her liable for them.

When issuing his outcome, our investigator made clear to Miss H (and Lloyds) which payments he had identified to be part of her complaint. Namely, the transfers sent to G in May 2024, which Miss H says she didn't authorise. He asked her to confirm if she was complaining about any further payments which she had disputed authorising. As she hasn't flagged any further payments, I've considered the same payments as the investigator.

Under the relevant regulations (the Payment Services Regulations 2017, "PSRs"), the starting position is that Miss H is liable for payments she authorises – whereas Lloyds is liable for unauthorised payments.

A payment would be deemed authorised under the PSRs if it was correctly authenticated and consented to by the consumer – or someone acting on their behalf. The PSRs say that consent must be given in accordance with the form and procedure agreed by the payee (in this case, Miss H) and the payment service provider (Lloyds). In practice that means if Miss H (or someone acting for her) completed the agreed steps to make a payment, it would be considered authorised.

Lloyds' records indicate the payments were being made via Miss H's mobile banking. So, for an unauthorised person to have made these payments, they would have needed access to her phone – and to have been able to bypass her phone and banking security.

Miss H has confirmed she had access to her phone during this period but would leave it at home when she was at work. When reporting her dispute to Lloyds, she suggested C may have climbed through her window and accessed her phone. But these payments took place over a span of weeks. And the timings of when they were made were varied. It seems unlikely to me C would have been able to access her home undetected on so many occasions, and then use and replace her phone, without her noticing.

Additionally, when speaking to Lloyds about what happened, Miss H said she was working from 8am-8pm on 4 May 2024 (the date of some of the disputed transactions). But she then confirmed making a transfer to another recipient, "J", on that date. And that transfer was made at 13:45 – which wouldn't fit with her being at work, without access to her phone, at that time.

Other payments sent to J from Miss H's account, which she hasn't disputed, were made within minutes of disputed payments sent to G. I think that further suggests it's unlikely someone could have made these payments – as they would have needed access to her phone in very close proximity to when she was using it.

Even if someone got hold of Miss H's phone, they would have needed to unlock it, and pass security to open her Lloyds app, to make these payments. Looking at Lloyds' audit information, I can see biometric logins in close proximity to these payments – suggesting that is how Miss H's account was being accessed.

In response to the investigator's outcome, Miss H said her phone had two face IDs set up. It appears she may be suggesting C had face ID set up and used this to access her phone – although I don't have much detail from Miss H about this if so. Regardless, for the reasons I've explained above, I think it's unlikely C could have accessed her phone to make the payments, and then returned it without her noticing, so many times.

Miss H also said she noticed her phone was running slowly – and she's found an app which she thinks C may have used to access her phone and make these payments. She's also provided a screenshot of a message which mentions permissions being set up to share some apps with another profile.

However, having looked up the app Miss H told us she found on her phone, it seems it would allow her screen to be viewed remotely – but not *controlled* remotely. I also don't have much context for the message Miss H has provided. It's undated and it's not clear who the message is from, what app it relates to, or who the profile belongs to. It also doesn't show Lloyds as one of the apps which sharing has been set up for.

I also don't think it's likely face ID could have been remotely initiated. So, in the event there was remote access of Miss H's device to make these payments, again it's unclear how the user would have been able to pass security to access the Lloyds app – as Miss H has confirmed no one else knows her security details (such as her password and PIN).

I can see Miss H's Lloyds password was changed on 5 May 2024. But she continued to use her account before and after this date, meaning she changed the password (or at least was aware of the change). The disputed payments were also made before and after the password change. As Miss H says she didn't share her password, I think it's unlikely someone else would have known both the original and updated passwords – and used that to access her account and make the payments.

Overall, for the reasons given above, I'm not persuaded it's likely someone else could have got the level of access needed (either remotely or physically) to make these payments without Miss H's knowledge or involvement. In the circumstances, I'm persuaded it's fair for Lloyds to treat these payments as authorised – and to therefore hold Miss H liable for them.

<u>The ATM dispute</u>

- In April 2024 Miss H requested, and was charged for, a £200 ATM withdrawal. But she says the machine only issued her £10 cash – and Lloyds won't refund her for the cash she didn't receive.

Lloyds has provided information from the ATM provider which supports that Miss H's cash withdrawal was processed without any errors. It appears other successful withdrawals were completed on the machine shortly before, and after, her disputed withdrawal. For example, I can see the next customer initiated a withdrawal from the ATM around one minute after Miss H initiated her request, and seconds after it shows as being completed.

Our investigator asked Miss H for further details about what happened when she tried to use the ATM, but she didn't provide any. Nor has she mentioned the ATM dispute when appealing the investigator's outcome. Overall, based on the information that has been provided, I consider it more likely the ATM successfully dispensed the cash.

<u>Lloyds' customer service</u>

- Miss H is also unhappy with the service provided by Lloyds over the phone when reporting her disputes. She thinks it should compensate her for this.

Lloyds acknowledges it had higher wait times than normal when Miss H called to report her disputes. But it also says she made over 44 calls, and it doesn't believe it was unprofessional when dealing with her. Our investigator explained to Miss H he could look into her allegations further if she could provide details about any specific instances she was unhappy with (for example, pointing out she had mentioned being hung up on, but hadn't provided a date for when this happened). She didn't provide anything further.

I understand some of Miss H's frustrations may be linked to Lloyds' voice identification service. But it has set out numerous examples of when this service has been used successfully to identify Miss H – and has explained it has other ways to verify a caller when this doesn't work.

Miss H hasn't raised anything further about Lloyds' service when appealing the investigator's outcome. Overall, having considered what she previously told us, along with Lloyds' response, I'm not persuaded the impact on Miss H from any failings in Lloyds' phone service warrants compensation.

<u>Account closure</u>

- Miss H is also unhappy with Lloyds' decision to close her account.

Lloyds gave Miss H 65 days' notice that it was closing her account. I appreciate this would have been frustrating and inconvenient for her. But I'm satisfied Lloyds acted fairly, and in line with the terms of conditions of the account, when making and communicating this decision. Lloyds provided slightly more notice than required to give Miss H a reasonable amount of time to make other banking arrangements – helping minimise the impact of the closure.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 25 September 2025.

Rachel Loughlin
Ombudsman