

The complaint

A company I'll call L complains that Lloyds Bank PLC (Lloyds) declined to refund a transaction on its account that its director (Mrs B) says L didn't make.

What happened

A card payment of £513.94 appeared on L's statement on 26 September 2024, along with a foreign transaction fee of £14.13. Mrs B contacted Lloyds to say she didn't make the payment and Lloyds reversed the payment from L's account while it investigated. When Lloyds completed its investigation, it decided the transaction wasn't fraudulent and so it re-debited the sum from L's account.

Mrs B complained, but Lloyds rejected her complaint, simply saying it didn't consider the transaction to be fraudulent. Mrs B remained unhappy, so she brought L's complaint to our service. Our Investigator looked into L's complaint, but she didn't uphold it. She said she had asked Mrs B to explain how a fraudster could have got hold of her card details given the physical card had remained in Mrs B's possession at all times, but Mrs B couldn't give a satisfactory explanation, save that she enters her details online all the time so anyone could find them.

Our Investigator went on to say that Lloyds had provided evidence to show it had attempted a chargeback in respect of the transaction, and that the chargeback resulted in further evidence that suggests Mrs B made the payment herself. The payment had been made to a merchant that provides services to companies like L, and Lloyds was able to show that the merchant had received L's card details, address, email address, business name and Mrs B's name. The merchant had also provided evidence that suggested Mrs B had signed up for a free 14-day trial that had then been cancelled when she signed up for an annual subscription.

In light of the evidence Lloyds had provided, and because there was no plausible explanation as to how someone other than Mrs B could have made the payment, our Investigator didn't uphold the complaint.

Mrs B didn't accept our Investigator's findings, so she asked for an Ombudsman to review the matter afresh. Our Investigator had set out full details of the merchant in question, but Mrs B didn't comment on the details or provide any further evidence for me to consider.

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.

I'm afraid there's not much more I can add to what our Investigator has already said. In looking at this complaint, I have assessed whether I think it's more likely than not that Mrs B, and not a fraudster, made the payment. And I'm sorry to say that I'm not persuaded the payment was made by a fraudster.

I can see that L's card details were entered in order to make the purchase, and Mrs hasn't been able to explain how a fraudster might have got hold of those details, save to say that they have previously been entered online. So straight off the bat, the most likely explanation is that it was Mrs B who made the payment, because she is the only person we know had the card details, and there is no evidence to explain how those card details could have got into a fraudster's hands.

Further, Lloyds has provided evidence to show that the payment was made to a merchant that offers a service to companies like L. And that that merchant had been given L's email address, postal address, name and director's name, all of which match the details Mrs B gave to our service when she brought L's complaint. Lloyds also demonstrated that the merchant had received instructions from the person who entered the card details to sign up to a free trial before an annual subscription was taken out.

Again, save for the possibility that someone obtained those details online at an unspecified time and in an unspecified manner, there's no explanation as to how the merchant could have been given those details by someone other than Mrs B.

Further, if a fraudster had obtained L's card details, it seems unlikely that they would use that card to make a payment for a subscription service using L's email address, which could ultimately be cancelled by Mrs B at any point. Typically, I would expect to see a fraudster seek to maximise the proceeds of the fraud by making as many payments as possible in a short space of time, until the card no longer works. Here though, there was just one payment, and it's hard to see how a fraudster could have benefitted from that payment.

The only plausible beneficiary of a fraud such as that would be the merchant. And I've seen no evidence to demonstrate that the merchant (which is based in Canada) could have obtained Mrs B's card details (along with all other details entered), without her knowledge, and no evidence to suggest the merchant took payment from Mrs L without her knowledge or consent.

Based on the evidence I've seen, it might be that Mrs B inadvertently signed up to an annual subscription, without realising she was doing so. If that is the case, she should take the matter up with the merchant. But to be clear, that is not the evidence Mrs B has presented to our service: she has simply stated that she didn't make the payment and that it must have been made by a fraudster.

In her outcome, our Investigator set out the full details of the merchant, along with the nature of the subscription paid for, but Mrs B didn't provide any comment on the merchant or the service and has simply maintained all along that the payment was made by a fraudster. So, Mrs B hasn't sought to make the argument that she did enter her card details, but didn't consent to making the payment, and I've assessed this complaint based on what Mrs B has told our service.

I merely make this point to state what other possible explanations Mrs B may wish to explore. And it's worth noting that, if the above is the true explanation, it would mean that Mrs B entered L's card details and all accompanying details herself. Which is contrary to what Mrs B has told our service.

I understand this isn't the outcome Mrs B hoped for. But, having thought about everything both parties have told our service, I can't reasonably conclude that Lloyds treated L unfairly by declining its claim.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 17 April 2025.

Alex Brooke-Smith
Ombudsman