

The complaint

Mr and Mrs K complain that Lloyds Bank PLC won't refund payments taken as a result of a scam.

What happened

- Mr and Mrs K complained to Lloyds that they ought to be refunded for fraudulent payments. Mr K said he was the victim of a scam where he approved a payment for £908.00 in June 2024, having been duped into thinking he was paying for flights. He said they took a further payment for £454.00 in July 2024 without his permission, which took him into their arranged overdraft.
- Lloyds didn't uphold their complaint. It said the payments were approved in its mobile banking app, and there wasn't an explanation for how a fraudster could've done this.
- Unhappy, Mr and Mrs K brought their concerns to our service. Our investigator agreed that the payments were authorised, and they didn't think Lloyds had a reason to be concerned about them or that there was a way to recover them. So they didn't think Lloyds should put things right.
- In response, Mr and Mrs K requested an ombudsman's decision. In summary, they said Mr K was unaware of the second transaction, and that no conversation happened around that time. And that he wouldn't have agreed to a payment if he didn't have the available funds.

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 reached the same outcome as our investigator for these reasons.

It's not disputed that Mr K was the victim of a cruel scam. My role is to consider whether it's fair to hold Lloyds, as Mr and Mrs K's bank, responsible for their losses from it. There are various rules and codes that mean victims of scams ought to be refunded in some circumstances. But to be clear, there isn't an overarching, general expectation that banks ought to refund victims of scams.

For card payments like those in dispute here, the starting position is that Lloyds is liable for unauthorised payments and Mr and Mrs K are liable for authorised payments. While it's accepted that Mr K authorised the first payment, he said the second payment was taken without his involvement or permission. Accordingly, that is my first question.

Were the payments authorised?

Whether a payment is authorised is governed by the Payment Services Regulations 2017 (PSRs). Broadly, these say that Mr K, or someone acting on his behalf, must consent to the

payment being made. The PSRs specify how consent is given: it must be in the form, and in accordance with the procedure, agreed between him and Lloyds.

I've reviewed the terms and conditions to find the relevant form and procedure. These say:

"A payment is authorised when you follow the procedures required for the payment type you are making, for example:

- *Electronic payments: logging on to the Mobile Banking app or Internet Banking and using your security details (for example, a passcode, password, fingerprint, Face ID or other biometric data) to complete a payment in the way we ask you to..."*

For the disputed payments, Lloyds has provided its technical records which show that Mr K's mobile banking app was used to approve both payments, using the same device that been registered since 2023.

Of course, I can't say for certain what happened – and I appreciate Mr and Mrs K's strength of feeling that he wasn't involved with the second disputed payment. But civil disputes like these are only ever decided on the balance of probabilities. In other words, what's *more likely than not* to have happened.

Here, given the evidence of how the payments were completed and the lack of a plausible explanation for how fraudsters could've approved these, I'm persuaded it's more likely than not that Mr K consented to both payments using the form and procedure described in Lloyds' terms and conditions. It follows that, while I accept he was cruelly tricked, I'm satisfied Lloyds acted fairly in regarding these payments as authorised in line with the PSRs. This means that the starting position is that Mr and Mrs K are liable for the losses.

Should Lloyds have recognised Mr and Mrs K were at risk of financial harm from fraud?

While the starting position is that Mr and Mrs K are liable for the disputed card payments, I have also considered whether Lloyds ought to have identified that these payments were suspicious and stepped in before they were made.

Lloyds, like all banks, have to balance protecting Mr and Mrs K from fraud with its legal duty to make the payments they tell it to. Here, I've noted the payments were several weeks apart – so I don't think the frequency looked alarming. And while it must have been a lot for them to lose, I don't think the values of the payments looked particularly concerning. That's bearing in mind the volume of payments of these sizes that a bank like Lloyds processes and the impracticalities of stopping every payment like them. I've also noted that the second payment took Mr and Mrs K within their arranged overdraft, so the money was available for them to spend.

Taking this all into account, I don't think it was unreasonable that Lloyds processed these payments in line with the instructions without completing further checks.

Did Lloyds act fairly in trying to recover Mr and Mrs K's losses?

As well as whether Lloyds ought to have prevented their losses, I've considered whether it could have done more to recover them.

I've noted the card payments were made to a money remittance service, who would've provided the service intended when it transferred the money. In these circumstances, I don't think there was a reasonable prospect of Lloyds recovering the money. So I don't think it ought to have done more here.

Conclusion

I appreciate this will be disappointing news for Mr and Mrs K, particularly as Mr K is ultimately a victim in this situation. But for the reasons I've explained, I don't think I can reasonably tell Lloyds to refund either of these disputed payments.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs K to accept or reject my decision before 12 December 2025.

Emma Szkolar
Ombudsman