

The complaint

Miss S complained because Lloyds Bank PLC refused to refund her for all the payments which had taken place on her account over a year. There were 65 payments and the total was £11,465.74.

What happened

On 14 December 2023, Miss S contacted Lloyds. She said she hadn't made any of the 65 payments on her account between 12 December 2022 and 11 December 2023. Most were cash withdrawals using Miss S's card and correct PIN. The other seven were card payments using the card and correct PIN, or contactless payments.

During this period, three debit cards had been issued to Miss S:

- Miss S requested the first of these three cards on 18 October 2022, and it was sent to her home address. It was used between 12 December 2022 and 30 September 2023, together with a PIN which had been issued in January 2021.
- On 2 October 2023, Miss S said her card was stolen and she wanted a replacement card and PIN. Lloyds sent the second card and a new PIN to Miss S's home address. It was used from 12 October to 31 October.
- On 7 November 2023 Miss S said her card and PIN had been stolen and this time the card and PIN were sent to Miss S's local branch for her to collect. She collected these on 16 November, with identification. This card and new PIN were used for more withdrawals, until Miss S contacted Lloyds and disputed all the withdrawals from 12 December 2022 to 11 December 2023.

When Miss S contacted Lloyds in December 2023 to dispute all the payments since 12 December 2022, she told Lloyds that she didn't use online banking, and she didn't check her paper statements. She said she did write down her PIN, which she kept in a safe place at home. Only her partner had access to her home, and he'd told Miss S he had nothing to do with it. She couldn't suggest how multiple cards had been stolen, or how her PIN too had been compromised. Miss S said she had contacted the police but didn't have a reference number from them. Lloyds declined Miss S's claim for a refund.

In November 2024, Miss S complained about the same transactions she'd disputed the previous year.

Lloyds issued its final response to Miss S's complaint on 5 December 2024. It said that when she'd first reported this in December 2023, Lloyds hadn't been able to see how anyone else could have got her debit cards or PINs. So there hadn't been evidence to suggest the payments had been fraudulent. In Miss S's November 2024 complaint about the same payments, she had said that she lived in a building with multiple flats, and she believed her card had been stolen by someone else who had access to the building.

Lloyds said it couldn't see how it was possible for someone to have stolen the first card from the post, and known Miss S's existing PIN – and for Miss S not to have reported it for a year (between October 2022 and October 2023). It also couldn't see how it was possible for someone to have stolen both the replacement second card and the new PIN, and then stolen the third card which Lloyds had sent to a branch where Miss S had collected it. So Lloyds didn't accept Miss S's claim, and refused to refund her for any of the payments.

Miss S wasn't satisfied and contacted this service. She said that the transactions had been significantly different from her typical banking patterns, as she mainly withdrew cash at branches, not at cash machines. She said that when she reported this to the police in 2023, they'd been hindered by lack of CCTV. She'd reported it again to the police in 2024 because over £11,000 was a significant financial loss. The police had told her to contact Lloyds, which she'd done. Miss S said that losing this amount of money had had a huge impact on her wellbeing and she hadn't had funds to pay for food or clothes.

Our investigator asked Miss S for more information, including why she hadn't reported the disputed transactions until a year after they'd started. Miss S said she only became aware of the disputed transactions when looking at her bank statement in the branch. She said she hadn't discovered them earlier as she hadn't received any statements. She said no-one could have accessed her card, which she kept hidden in her flat. She hadn't written her PIN down anywhere, nor saved it on her phone. At that time she hadn't had access to her account or PIN on her phone. She'd never disclosed her PIN to anyone.

Miss S also said that she lived with her partner, and the only other person with access to the property was the landlord, who had a key. She said she didn't have a letterbox and incoming post was placed on a shelf near the front door. She said that each time a card went missing, she thought she'd put it in a secure location within the flat, but it would later be unaccounted for. She said she'd typically realised the card was missing when she'd needed to use it for a transaction and couldn't find it. This could be anything from a few days to a week after she'd last used it.

Our investigator didn't uphold Miss S's complaint. She pointed out that the transactions had taken place using three different cards and three different PINs. So she considered how multiple cards and PINs could have been compromised. The investigator said that she'd seen that Miss S had told Lloyds that she'd written down her PIN – but Miss S had told us that she hadn't written down or saved her PIN. Miss S replied that she'd kept the original PIN advice slip but had hidden it in a different place from her card.

The investigator said that she thought Miss S's explanation that her post had been intercepted was highly unlikely. That was because when discussing the case on the phone, Miss S had told the investigator that every time she'd requested a new card, she'd received it without problems. Also, Miss S had collected the third card and PIN from the branch.

The investigator had also asked Miss S how soon she realised each card was missing. Miss S had said she'd realised when she needed to use it and couldn't find it. But Miss S had disputed every transaction, with no genuine spend. Miss S had also paid in £8,487.74 on 21 September 2023 – and she'd have needed her card to do so. The investigator also didn't think the spending pattern was typical of a fraudster, which would normally empty an account quickly before the fraud could be realised.

So the investigator didn't uphold Miss S's complaint.

Miss S didn't accept this. She said her post was left on a table at the bottom of the stairs with other people's post, and the outside door was often left open. She also said her landlord had a key to her flat and she'd told the police he'd entered the flat several times without

permission to take photographs. She acknowledged the delay in reporting the transactions, but said Lloyds should have identified them. She said it was unusual to have three bank cards replaced during a year and the transactions on her account weren't typical of her normal activity.

Miss S 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.

What the regulations say

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 I've considered whether it's more likely that it was Miss S, or a third party unknown to her, who carried out the disputed transactions.

Who is most likely to have carried out the disputed transactions?

There were 65 disputed transactions here, over the course of a year. Miss S didn't report these for a very long time – on 14 December 2023, for transactions going back to 12 December 2022 onwards. I'm not persuaded that she didn't know about the transactions until 14 December 2023. At the time when she reported the first card stolen, it would have been natural to check the account to make sure no money had been stolen. But she didn't report the disputed transactions until much later. And this happened again when she reported the second card stolen.

There were also benefit payment credits regularly going into the account, so again it's surprising if Miss S didn't check her account to see these had arrived safely. If she had, she'd have seen the disputed payments and been able to report them sooner.

Miss S also told this service that not being refunded for the disputed payments meant she hadn't had funds to pay for food or clothes. But needing to use this income to buy food or clothes doesn't match with Miss S saying that none of the transactions on this account for the whole year had been genuine. And if she was paying for food and clothes some other way during this year when she hadn't checked her account, it's surprising she chose to have her income paid into this account.

Miss S says that her post was intercepted and this was how a fraudster obtained all three cards and the PINs. But she also told our investigator that she'd received the replacement cards without any problems. And the third card and PIN, which Miss S collected from the branch having provided identification, couldn't have been compromised this way.

Miss S also said that her landlord entered her flat without permission and took photos, so she said this raised concerns about the security of her bank cards. That's a matter for Miss S to discuss with the police, and not something I can determine. But if Miss S did believe any

third party had accessed her flat and stolen the first card and the PINs, it's surely likely that she'd have kept the subsequent card and PIN more secure.

I've also borne in mind that the pattern of spend wasn't typical of a fraudster. The withdrawals were generally small amounts, made at locations not far from where Miss S lived. Sometimes there was a gap of some weeks with no payments, and in November 2023 there were no payments at all. A typical fraud pattern would be to take as much money as possible very quickly, in order to maximise the gain before a customer could spot it and get the account blocked. This is very different from what happened here.

Miss S argued that Lloyds should have blocked the disputed transactions on the basis they weren't typical of her spend. But the transactions were authorised using the genuine card and correct PIN, and they were relatively small, and of a pattern which is typical of genuine spend. As I've explained, the pattern was very different from a typical fraud. So I don't consider that Lloyds should have intervened. Nor do I agree with Miss S saying that replacing three cards in a year should have been a cause for concern.

Taking all these factors into account, I consider it's most likely that Miss S authorised the disputed transactions herself. So Lloyds doesn't have to refund her.

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 Miss S to accept or reject my decision before 15 July 2025.

Belinda Knight
Ombudsman