

The complaint

Mr W has complained Lloyds Bank plc won't refund him for five credit card transactions he didn't authorise.

What happened

In 2024 Mr W was attended a company event at a local golf club. This involved leaving his bag within a conference room whilst he and other attendees received a presentation. Following this Mr W and colleagues went outside for events happening there.

Mr W realised something was wrong when he received a message confirming his Lloyds credit card was being used elsewhere. Mr W then discovered four other transactions had been carried out, including cash machine withdrawals, a foreign exchange purchase and extensive sports shop purchases. As Mr W's wallet had been stolen, he asked Lloyds to refund his credit card account for the unauthorised transactions. These totalled £3,454.02.

Lloyds wouldn't refund Mr W as they couldn't see how his PIN could have been compromised. At the same time, Mr W's current account bank (not Lloyds) refunded him for those transactions made with his debit card.

Upset with what had happened and Lloyds holding him liable for a considerable debt, Mr W brought his complaint to the ombudsman service. Mr W was able to provide extensive evidence, including the police confirming CCTV showed the individual using Mr W's card was not him as well as testimony from other conference attendees confirming Mr W's attendance and timing of his whereabouts.

Our investigator believed this evidence showed Mr W didn't authorise the disputed transactions. Therefore he was asking Lloyds to rework Mr W's credit card to ensure these transactions no longer showed, along with any relevant charges being removed. He felt that Lloyds had omitted to follow the existing regulations for these cases and their case management had led to Mr W's continued distress. He was asking them to pay Mr W £250 for the trouble caused.

Mr W accepted this outcome. Lloyds asked to be sent the additional evidence Mr W had submitted to our service but otherwise didn't respond.

Mr W's complaint has been referred to an ombudsman for 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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

The regulations which are relevant to Mr W's complaint are the Payment Services Regulations 2017 (PSRs). These primarily require banks and financial institutions to refund customers if they didn't make or authorise payments themselves. The PSRs require banks and financial institutions to provide evidence if they believe a customer has acted with gross negligence which means that the customer may not be refunded.

In addition, consumer credit legislation requires a customer to be refunded where they didn't authorise transactions. Unlike the PSRs, there is no provision allowing gross negligence considerations.

To help me come to a decision, I've reviewed the evidence Lloyds provided as well as Mr W's testimony and additional evidence.

I'm satisfied Mr W didn't authorise these transactions. I say this because:

- The evidence – including emails from the local police – confirms Mr W's wallet was stolen whilst he was at a conference. CCTV evidence, considered by the police, confirms the individual using Mr W's credit card at the fraudulent locations was not Mr W.
- It's clear from evidence Mr W shared from another bank, that his debit card was also used fraudulently. This other bank refunded Mr W in August 2024. They did not suggest Mr W was acting in a grossly negligent manner.
- The disputed transactions clearly look and feel like fraudulent transactions. Specifically, the attempt to withdraw cash on a credit card, without any care about the cash fees involved, and the extravagant expenditure in sports shops. Lloyds – whilst suggesting Mr W could have authorised these transactions without carrying them out himself – has provided no evidence to suggest why that would be the case.
- Mr W didn't use his Lloyds credit card regularly.
- It seems clear to me that Lloyds refused Mr W's claim on the basis that they couldn't see any compromise. I also can't pinpoint exactly how a fraudster obtained Mr W's PIN but the relevant legislation doesn't require me to do so.

I disagree with Lloyds's view that being unable to prove any compromise stops them from accepting that Mr W was a victim of a crime which led to his card being used without authorisation. And I have to say that I'm surprised they have been so reluctant to uphold this case which I believe – based on all the evidence I've seen – is pretty straightforward.

Putting things right

I'm going to require Lloyds to rework Mr W's credit card account to ensure that it's in the position it would have been in prior to the disputed transactions. As well as cancelling the disputed transactions, there will be fees and charges which will also need to be removed.

Lloyds has been writing to Mr W to confirm that his debt may well be passed to a third party for collection so they will need to sort this out too and ensure similar letters are not sent any further to Mr W. I know Mr W feels these have been threatening in tone but I can reassure him that these are standard in cases where a debt is not being repaid, and he shouldn't feel

these are meant personally.

It's more than likely as a significant debt was on Mr W's credit account for some time that negative markers, and a default, may have been added to his credit record. Lloyds will need to remove all of these too.

I'm aware how distressed Mr W has been by what has happened. Unfortunately the major fault lies at the door of the fraudsters. That said I believe Lloyds has compounded this by their error in not sorting this out much earlier and in line with existing legislation. I will be asking them to pay Mr W £250.

My final decision

For the reasons given, my final decision is to instruct Lloyds Bank plc to:

- Rework Mr W's credit card account as if the disputed transactions had not taken place;
- Ensure Mr W's credit record is updated to reflect this; and
- Pay Mr W £250 for the trouble caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 6 June 2025.

Sandra Quinn
Ombudsman