

The complaint

Mr A says Lloyds Bank PLC (“Lloyds”) refuses to refund him for transactions on his account he says he didn’t authorise.

What happened

The facts of this complaint are well known to both parties, so I won’t repeat them in detail here.

In short, Mr A says he realised his Lloyds card was missing on 5 January 2024, when a purchase at his regular supermarket was declined. He then realised there were unauthorised transactions on his account made between 3 and 6 January 2024. Mr A hasn’t been able to confirm when his card was lost or stolen.

Mr A made a complaint to Lloyds about these transactions on 6 January 2024 and asked it to refund the payments as unauthorised. He also complained that Lloyds allowed these transactions to take him into an unarranged overdraft facility, which it should not have allowed in any case.

Lloyds considered Mr A’s complaint but decided not to refund him any of the payments in dispute. It felt the evidence suggested Mr A carried out these payments himself or allowed someone else to do so on his behalf, and so he was held liable. Lloyds explained that as many of the recent transactions were payments made in a foreign currency, the balance went above the overdraft limit only after the currency exchange fees were applied. Overall, Lloyds decided not to refund any money to Mr A.

Our investigator reviewed Mr A’s complaint and concluded that Lloyds’ outcome was fair. She felt that there was a lack of evidence to support Mr A’s complaint, and as such she could not say the transactions were unauthorised. Mr A was not happy with this outcome, so the complaint has been passed to me for a final 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.

Generally speaking, Lloyds is required to refund any unauthorised payments made from Mr A’s account. Those rules are set out in the Payment Service Regulations 2017. Mr A has said he didn’t carry out the transactions in dispute, but Lloyds thinks he did. So, I have to give my view on whether I think Mr A did authorise the transactions or not.

Lloyds has provided evidence to show the transactions in dispute were all carried out between 3 January and 6 January 2024 using Mr A’s genuine chip and PIN. Chip technology is complex and sophisticated, and there have been no known instances when the chip in the card has been successfully copied. In relation to the PIN, the technical evidence again shows that the correct PIN was used. There are no failed PIN attempts. There are 10,000 possible combinations of a four-digit PIN, so it’s most unlikely anyone would correctly guess

a PIN. So, I'm satisfied that whoever made the payments in dispute had possession of Mr A's physical card and knowledge of his PIN.

Mr A says he didn't make these payments, and he doesn't know who did. He also says he was in the UK at the time, and he doesn't know anyone in Turkey – where all the transactions were made. However, Mr A has not been able to provide any explanation as to when and how his card was taken and how someone else was able to learn his PIN. He has correctly highlighted that it's possible someone saw him entering his PIN previously, and I agree that this is possible. But I must base my findings the evidence available and on what I think is more likely to have happened given the circumstances. Mr A hasn't told us about any instances when he believed he might have been shoulder surfed, and there are no failed PIN attempts, which is unusual in cases of shoulder surfing.

In this case Mr A hasn't been able to provide much evidence to support his complaint, so it's difficult for me to rely on what he has said alone. He says he realised a debit card from a different bank was also taken at the same time, but that no transactions were attempted on the other card between 4 January and 6 January, as he had already frozen the card before this. So, it seems Mr A was aware his cards were missing and, had he not authorised the transactions on his Lloyds account, I would've expected him to have frozen this card at the same time he did his other card.

From the notes about his complaint with Lloyds it seems Mr A told it that he had written down his PIN and stored it in his wallet with his card, so he doesn't forget it. Which would amount to gross negligence had he done so. But when complaining to our Service he said he hadn't written down his card PIN, but he had written down his internet log in details. I've seen from the evidence provided from Lloyds that Mr A had logged into his online banking in between the series of disputed transactions. The evidence shows this was done using his biometrics on his usual device, so even if someone else had obtained his online banking log-in details there is no evidence they used it to access his account. Mr A said he couldn't login during this time, however, the evidence from Lloyds suggests otherwise. This means he would've had sight of the transactions taking place on his account, and didn't report these at the time.

Mr A says he was in the UK at the time, but the transactions were carried out in Turkey. I have seen from the internet login information that he was using his biometrics to login to his online banking from an IP address registered in the UK. So, I think it's likely Mr A was here in the UK at the time.

Based on what I've seen I think there are three possible options here. One is that Mr A carried out the transactions himself. Another option is that he consented to the transactions by making his card and PIN available to someone else. The third option is that a third party took his card and his PIN, which he had written down and kept in his wallet, and used these to make the transactions in dispute.

In practical terms, it doesn't make any difference which of these three options happened here. That is because Mr A is liable whether he carried them out himself; or allowed someone else to do so; or was grossly negligent by writing his PIN down and keeping it with his card in his wallet. The terms and conditions of the account, to which Mr A would've had to consent to when opening the account, provide the customers must keep their information secure, so by not doing this Mr A was also breaking the terms and conditions of the account.

So overall, I think it is fair to hold Mr A liable for the transactions in dispute. And as outlined by the investigator I don't think Lloyds did anything wrong in processing these transactions along with the foreign exchange fees, which took Mr A into an unarranged overdraft. So, I won't be asking Lloyds to do anything further here.

My final decision

For the reasons outlined above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 22 October 2025.

Sienna Mahboobani
Ombudsman