

The complaint

Mr M complained because Bank of Scotland plc refused to refund him for a payment which he said was unauthorised.

What happened

On 2 March 2025, Mr M made a payment for the sterling equivalent of £100.09 plus a transaction fee of £2.99, totalling £103.08.

Mr M contacted Bank of Scotland on 19 March. He said he didn't recognise the merchant, and said the payment was fraudulent and he wanted a refund. He said he'd authorised the payment but he'd thought it was to another organisation, perhaps his "Buy Now Pay Later" account.

Bank of Scotland investigated, and saw that the payment had been authorised using Mr M's mobile banking app, following biometric verification. So it said it couldn't refund Mr M, and he complained.

Bank of Scotland issued its final response letter on 8 May. It said that at the time of the payment, Mr M had been logged in to his internet banking. The payment had required additional authorisation before Bank of Scotland had allowed it to be paid. This was done by a login to Mr M's internet banking after biometric validation. Bank of Scotland said there was no explanation for how a fraudster could have accessed Mr M's device and made the payment.

The letter went on to say that Mr M had then asked Bank of Scotland to raise a chargeback for the payment, because he said he hadn't received anything from the company, and when he'd tried to phone the company there wasn't an answer. He hadn't wanted to leave his details with the company for a call back, or to email them.

Bank of Scotland explained why it hadn't been able to raise a chargeback as Mr M had requested. It said that it assessed disputes under the rules set out by the card scheme. Those rules said that it had to provide certain information to make a claim about a disputed payment. As Mr M hadn't received anything from the company, and didn't know what was ordered with an expected delivery date, Bank of Scotland said it couldn't make the chargeback claim.

It advised Mr M that if he was unhappy with the conduct of the company, he could contact Trading Standards, or Citizens Advice. If he could find out what was ordered, he should contact the company to discuss it. Bank of Scotland explained that for it to be able to raise a chargeback dispute, it would need a detailed description of what was ordered, why he hadn't received it, the date he expected to receive it, with the evidence showing he'd tried to resolve it with the company. Bank of Scotland pointed out that it typically had only 120 days from the date of the transaction to dispute a payment.

Mr M had also complained that when he rang on 19 March, Bank of Scotland's advisor gave him poor service. Bank of Scotland said it had looked into this, and the call had been appropriately handled.

Mr M wasn't satisfied and contacted this service.

Our investigator asked Mr M for more information. He said that he uses a "Buy Now Pay Later" organisation, and he thought it was a payment for that, so he approved it in his online banking. He said he'd later realised it was a transaction in Euros, and he never bought things in Euros.

He said Bank of Scotland hadn't been helpful. He didn't know the company to which the payment had gone. Bank of Scotland had given him a number and an email to contact the company. When Mr M phoned the company on that number, it had gone to a mobile voicemail. He didn't leave a voicemail, because he didn't think a reputable company would have a number which went to a mobile. He also thought the email address looked suspicious so didn't send an email.

Mr M said he hadn't received any service or product, and no-one else had used his card and he hadn't written down his details. He said that even though he'd approved it on his app, Bank of Scotland should have stopped the payment and checked with him. He said that if it had done, he'd have told the bank not to allow the payment.

Mr M said he hadn't received any service or product, so he considered it was fraud, regardless of the fact that he'd approved it on his app. He said Bank of Scotland hadn't done appropriate checks when it let the payment through.

Our investigator didn't uphold Mr M's complaint. She said that she could see that the disputed transaction had been authorised on Mr M's device, using biometrics. This wasn't in dispute, because Mr M had agreed he did approve the transaction, thinking it was a different payment. She said that Mr M's registered device had been used to view the card number, and a minute later the CVV (security code) number had also been viewed in the app. Then the disputed payment had been made a minute later, approved using biometrics. So she accepted that Mr M, or someone acting on his behalf, had completed the necessary steps to make the payment.

The investigator also didn't agree with Mr M when he said Bank of Scotland should have contacted him to check the payment. She said that as the payment amount wasn't unusual, and it had been approved in app by Mr M's biometrics, she wouldn't expect Bank of Scotland to have intervened.

In relation to Mr M's request for a chargeback, the investigator said that there weren't any chargeback grounds for this payment.

Mr M didn't agree. He said it was fraud, and once he'd mistakenly approved it on his app, Bank of Scotland should have picked up that it was fraudulent and should have blocked the payment. He said he hadn't received any product or services, and hadn't received any communication from the company, and it was obvious he'd been defrauded of the money because Bank of Scotland had allowed it to go through.

Mr M 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. So what decides the outcome here is whether it's more likely than not that Mr M, or a third party fraudster unknown to him, carried out the disputed transactions.

Who is most likely to have authorised the disputed transaction?

Mr M agreed that he authorised the disputed payment. I've also seen the technical computer information which the authorisation. As our investigator explained, this shows Mr M's registered device being used, and that he viewed his card number, and CVV security number, before making the online payment. The payment was authorised using Mr M's biometric details, which also indicates that Mr M approved it himself.

As Mr M authorised the payment himself, he is liable for it, in line with the Payment Services Regulations 2017.

Should Bank of Scotland have stopped the payment?

I've considered what Mr M said about his belief that Bank of Scotland should have stopped the payment. Banks have to strike a balance between ensuring they promptly process the payments customers want to send, and ensuring they stop frauds wherever possible. It wouldn't be reasonable or practical for banks to ask customers if they really want to make every payment the customers authorise. Nor would it be reasonable to expect banks to check the credentials of every payee to whom any customer authorises a payment. Banks don't have to do either of these things.

Here, I can't see there was anything which should have given Bank of Scotland any reason to think that the payment might have been fraudulent. It was made using Mr M's registered device, and his security details, and his biometric data, so I think it was fair for Bank of Scotland to conclude that Mr M wanted to make the payment. I can't see how Bank of Scotland could have known that although Mr M had made the payment, he would later say he didn't really intend to.

I've also borne in mind that Mr M didn't report the transaction for some time. He authorised it in the evening of 2 March, and contacted Bank of Scotland on 19 March. If he'd just made a slip of some sort, I'd have expected him to realise and to contact the bank sooner.

I'm also not persuaded by Mr M's statement that if Bank of Scotland had blocked the payment and asked him if he wanted to make the payment, that he'd have said no. That's because Mr M did go through several steps to input all his security information, and biometric data, and that indicates that at the time of the payment, Mr M did want to make the payment.

Should Bank of Scotland have issued a chargeback claim?

There are strict rules about chargebacks, and these are set by the card scheme, not by banks. There's no automatic right to a chargeback – and a chargeback isn't a guarantee of a refund, because merchants (the businesses who have received the money) can defend them. In the circumstances here, I agree that Bank of Scotland didn't have enough grounds to issue a chargeback. And even if it had, there's no guarantee it would have succeeded –

because Mr M had authorised the payment. So I don't consider Bank of Scotland did anything wrong when it refused to try a chargeback claim.

Customer service when Mr M raised the dispute

I've listened to the call recording from when Mr M reported the dispute to Bank of Scotland on 19 March. I consider that Bank of Scotland's adviser handled the call appropriately, and I don't agree that she gave Mr M poor service. She tried to help Mr M understand that after initial checks, biometrics had been used as an extra layer of security, which confirmed to the bank that Mr M had been happy to pay it. She said that biometrics meant that Mr M was the only person could have approved the payment. There was nothing to say it had been made by someone fraudulently having obtained Mr M's details.

I consider the adviser did try to be helpful to Mr M. She was pleasant, and explained carefully and clearly. For example, she explained that the bank wouldn't know about the company to which Mr M had sent the payment. She said that although Mr M might have made a genuine error that he'd approved the payment in error, this showed why it was so important to check he was approving what he thought he was approving. She could see that Mr M had checked things on online banking just before the payment, and after the approval. She tried to help him by googling the name of the merchant, which showed a phone number and an email address, which she gave him. The call ended amicably, with nothing to show that Mr M was unhappy with the adviser at that point. It was only afterwards, when Bank of Scotland refused to refund Mr M, that he complained about the adviser. I consider she was helpful and did her best to try to help Mr M understand.

Summary

I can see that Mr M genuinely believes he should get a refund because he later found out he hadn't intended to make the payment which he authorised. But that isn't how the Payment Services Regulations work, and these Regulations are what decides the outcome of payment disputes. What matters is whether or not a customer has authorised the payment. Here, all the technical evidence shows that Mr M did authorise it – and he says that himself. That means that he is liable for the payment, and Bank of Scotland doesn't have to refund him.

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 Mr M to accept or reject my decision before 12 September 2025.

Belinda Knight
Ombudsman