

Complaint

Mr S complains that Lloyds Bank plc will not refund payments made using his debit card which he says he neither made nor authorised.

Background

Mr S disputes the following transactions:

5 June 2017	Cash withdrawal at branch	£630.00
6 June 2017	ATM	£250.00
6 June 2017	ATM	£250.00
6 June 2017	Cash withdrawal at branch	£50.00

Initially Lloyds didn't agree to take responsibility for the loss because it couldn't see how a third party could have completed them using the genuine card and PIN. But Mr S later told Lloyds that his housemate admitted carrying out the transactions. So Lloyds refunded the two ATM transactions. But it wouldn't refund the two branch transactions.

Our investigator didn't recommend that the complaint should be upheld. She didn't think there was enough evidence to show that Mr S hadn't authorised the transactions. She thought it was strange that the card had been taken on the same day that Mr S had credited money to the account.

Mr S did not agree. He said, in summary, that:

- He is only disputing the withdrawal of £630.
- He didn't deposit £550 on 5 June, he went into a branch to make the deposit on the morning of 6 June.
- He regularly lent his housemate money, but didn't authorise him to use his card. His housemate took his card from his room while he was out and he didn't notice it missing.
- His housemate could have "shoulder surfed" him at any time to find out his PIN.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete, inconclusive, or contradictory, as some of it is here, I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

I appreciate Mr S is not disputing the withdrawals that have been refunded to him. But I need fairly to look at all the circumstances in which he has said his card and PIN were used without his knowledge or authority. Especially as these may mean his card was taken from him twice without him knowing. And I asked Lloyds to clarify exactly how the credit of £550 was paid into account. That has taken sometime to resolve but is something Mr S disputed and was important because he thought it had adversely affected our assessment.

The information I've been provided with shows that Mr S's genuine card and PIN were used for the transactions. The PIN isn't kept in unencrypted form on the card itself, and it's unlikely anyone would have been able to guess it.

Mr S says his housemate could have shoulder surfed him at any point – Mr S says they sometimes went to an ATM together so that Mr S could take out money to loan to his housemate. I accept that's possible. But I think it's more likely that Mr S's involvement was greater than he suggests. Let me explain why.

Lloyds has provided evidence that a deposit made at 20:45 on 5 June 2017. It was made through a cash machine using a deposit envelope. That can be done when a branch is closed. His card and PIN were required to make this deposit. I'm satisfied on the evidence that this is what happened and that the credit was, as a result, shown in his account the following day when the envelope was processed by branch staff.

This means a third party was able to take Mr S's card, without his knowledge, on the afternoon of 5 June and withdraw £630 cash in a branch. He was then able to return the card for Mr S to use it to make a deposit at an ATM in the evening. That same third party was then able to take the card again – the following afternoon – make three further withdrawals and then return the card to Mr S, without his knowledge. And this person must have seen Mr S's PIN at some point and knew about the money in the account - especially the additional cash paid in on 5 June 2017. And that person didn't take the money from the account as quickly as possible.

Whilst I think this could have happened, I think it's unlikely. So I don't have a basis to require Lloyds to refund any further money to Mr S.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 December 2019.

Elizabeth Dawes
Ombudsman