

complaint

Miss A complains that Lloyds Bank Plc refused to refund her the £300 she transferred to a third party as a deposit on a car. She also complains that Lloyds refused to give her the evidence it had got from the third party to show he was entitled to the money.

background

In March 2017 Miss A decided to purchase a car that she'd seen advertised. She transferred a deposit of £300 to the third party to secure the car. However, about half an hour later, she asked for the deposit to be returned as she'd found that the car was manufactured in 2008 and not 2010 as advertised. The third party refused to return the deposit. Miss A then asked her bank to refund the amount she'd paid, saying that she'd been the victim of a scam. Lloyds said it was unable to help. It said it had contacted the third party for their version of events and it was unable to accept any wrongdoing on their part. Miss A was not satisfied and complained to this service.

Our investigator said that she didn't think Lloyds had done anything wrong. As the money had been transferred by Miss A herself to the third party's bank account through online bank transfer and not through a credit or debit card, chargeback didn't apply. She said the payment had been made under the faster payment scheme which allows a refund to be processed. However, this is limited to instances where payments are made to the wrong account, which didn't apply here. Our investigator also considered whether Lloyds should have pursued the matter under their fraudulent transaction process. However, she thought it was fair and reasonable for Lloyds not to pursue this further in light of the reasons for the transaction. Our investigator also thought it was reasonable for Lloyds not to share the information it had obtained from the third party with Miss A.

Miss A wasn't happy with this. She thought the investigator hadn't investigated her complaint fully and was particularly concerned about how Lloyds had used the information obtained from the third party. She asked for her complaint to be reviewed by an ombudsman.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I realise that this will be disappointing to Miss A but having done so I find that I agree with the investigator and for largely the same reasons.

There are different protections for payments made by credit and debit cards than there are for transfers made through the faster payment scheme. Chargeback is the process through which requests can be made for payments made by credit and debit cards to be reversed. But as this particular disputed transaction didn't involve a credit or debit card, Lloyds were correct in saying that the chargeback process can't be used.

As our investigator said, the faster payment scheme allows for transfers to be reversed but only in certain circumstances. For example, if a payment is made to the wrong bank account, the bank can investigate and if there's clear evidence of a mistake being made, the receiving bank will take action to prevent the money being spent by the recipient of the payment and attempt to return it. But the payment Miss A made to the third party was not made in error and so I think Lloyds acted fairly in saying that the faster payment scheme doesn't apply in this instance.

Lloyds did undertake some investigations into the payment because Miss A said she'd been the victim of a scam and banks have an inherent responsibility to help protect their customers. But Lloyds didn't ultimately think Miss A had been the victim of fraud. It told Miss A it had made contact with the third party to ask him to provide evidence that he was entitled to the payment. Miss A took that to mean Lloyds would expect the third party to provide specific written evidence to show he was entitled to the payment. In fact, Lloyds relied on a telephone call with the third party. In light of that, it concluded it was unable to accept any wrongdoing by the third party and was unable to return the funds to Miss A.

I recognise that Miss A is frustrated that she's not been able to see the same information I have, as she wants to reassure herself that Lloyds (and this service) have considered her complaint appropriately. Lloyds explained why it couldn't share third party information with Miss A and this service is also unable to share that information with Miss A for the same reasons. However, I hope Miss A will be reassured that I've carefully considered all the evidence available. Having done so, I'm satisfied Lloyds don't need to do anything more. I think Lloyds have acted fairly and reasonably in deciding not to refund Miss A the £300 she paid to the third party.

my final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 28 July 2018.

Richard Walker
ombudsman