

complaint

Miss N complains that Lloyds Bank PLC has not refunded a payment that she says she did not make or authorise. The complaint is brought on her behalf by her father.

background

In July 2013 an online payment of £627.77 was made from Miss N's Lloyds account, via her PayPal account. She said that she had not made or authorised the transaction, which was for a painting which was delivered to her home address. The payment made her account overdrawn.

Lloyds declined to refund the payment, though it waived overdraft fees of £46.16. Unhappy with the bank's response, Miss N referred her complaint to this service. Her father said the painting was worthless and the seller had sold others by unknown artists at quite high values. He also pointed out that the payment was untypical of Miss N's transaction habits.

Our adjudicator did not recommend that the complaint should be upheld. Briefly, he said:

- PayPal confirmed that Miss N's password was used when the payment was made. She said she never disclosed her PayPal log-in details to anyone, but the adjudicator could not see any reasonable explanation how a third party could have gained access to the account without Miss N's knowledge.
- Miss N's debit card had been registered to her PayPal account on the same day that she opened the account, over 18 months before the disputed transaction.
- As the painting was sent to Miss N's address, the only person who would have benefited from the transaction would be the seller himself. The seller had been operating since 2004, which does not indicate that his account is being used fraudulently.
- There were no further attempts to make use of the PayPal account after the disputed transaction.
- For these reasons, the adjudicator could not safely conclude that the transaction was made without Miss N's knowledge or consent.

Miss N did not agree with the adjudicator's conclusions. Her father made the following points:

- He believed that PayPal accounts are not secure and a third party would only need to bypass the password.
- As well as the delivery of the worthless painting, the seller also promised to make a deposit of seven bitcoins into the buyer's bitcoin wallet. Miss N does not have a bitcoin wallet. Perhaps a third party received the bitcoins.
- All of the paintings marketed by the seller are accompanied by the transfer of bitcoins. It seems that the real value in the purchases are the bitcoins.
- The onus must be on Lloyds to have a reasonable basis to pay out money on behalf of the account holder. How reasonable is it to assume a student with little income and a low balance would buy a painting for over £600?

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. Having done so, I have come to the same conclusions as the adjudicator and for much the same reasons.

If this had been a genuine art purchase by a student, then it might have been a baffling event. But I agree with Miss N's father that the real value in the transaction was likely to be in the bitcoins rather than the painting. I do not think that the involvement of the painting itself makes it unreasonable for the bank to hold Miss N liable for the transaction. Someone was actually buying bitcoins, and it is that purchase that I should consider. It was an unusual transaction, but not an illogical one. So the question I must answer is this: was the bank wrong to hold Miss N liable for the online payment for the bitcoins?

Where the evidence is incomplete or 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 more likely than not to have happened in the light of the available evidence and the wider circumstances. I am satisfied that whoever made the payment knew Miss N's PayPal password. Miss N's father says he has read that PayPal accounts are anything but secure. But in my view, the use of the password and the absence of any other attempted payments strongly suggest that the account was used legitimately. On balance, I believe Lloyds was entitled to conclude that Miss N authorised the payment.

Miss N's father says she does not have a bitcoin wallet. But I am not saying that Miss N necessarily made the transaction herself – it may be that another person used her PayPal account with her permission.

For these reasons, I do not find that Lloyds acted unfairly or unreasonably when it declined to refund the disputed payment.

my final decision

My final decision is that I do not uphold this complaint.

Colin Brown
ombudsman