

## **Complaint**

Mr B complains he was the victim of a binary options investment scam and Lloyds Bank Plc didn't do enough to recover his money.

## **Background**

I recently issued my provisional conclusions setting out the events leading up to this complaint, and how I thought best to resolve it. I've attached a copy of my provisional decision, which forms part of this final decision.

I invited both parties to let me have any further comments they wished to make in response to my provisional conclusions.

## **My findings**

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

### *Response to my provisional findings*

Mr B responded and accepted my provisional conclusions. Lloyds didn't respond to my provisional conclusions. In light of this, I see no reason to depart from the resolution I proposed in my provisional decision.

## **My final decision**

For the reasons I've explained here and, in more detail in my provisional decision, my final decision is that I uphold this complaint. In full and final settlement of it, I require Lloyds Bank PLC to:

- Refund all the payments made to the merchant from Mr B's Lloyds account, less the £2,000 paid to Mr B by the merchant;
- Pay 8% simple interest on the above amount from the date Mr B requested a chargeback in November 2017 until the date of settlement. If Lloyds deducts tax from the interest element of this award, it should provide Mr B with the appropriate tax deduction certificate;
- Pay Mr B £300 compensation in addition to what it has already paid to recognise the trouble and upset this matter caused him.

Dolores Njemanze  
**ombudsman**

## Copy of provisional decision

### Complaint

Mr B complains he was the victim of a binary options investment scam and Lloyds Bank Plc didn't do enough to recover his money.

Mr B has been helped with his complaint by a representative, but for ease of reading, I'll refer to all submissions as having come from Mr B himself.

### Background

Below is the list of relevant transactions made from the debit card linked to Mr B's current account with Lloyds:

Date	Event	Amount
21 December 2016	Payment to Merchant (VISA debit)	£250
21 December 2016	Payment to Merchant (VISA debit)	£2,250
3 March 2017	Payment to Merchant (VISA debit)	£5,100
7 March 2017	Payment to Merchant (VISA debit)	£10,000
9 March 2017	Payment to Merchant (VISA debit)	£10,000
31 March 2017	Payment from Merchant (VISA debit)	£2,000 (credit)
3 April 2017	Payment to Merchant (VISA debit)	£20,000
5 April 2017	Payment to Merchant (VISA debit)	£10,000
10 April 2017	Payment to Merchant (VISA debit)	£9,000
13 April 2017	Payment to Merchant (VISA debit)	£10,000
21 April 2017	Payment to Merchant (VISA debit)	£10,000
21 April 2017	Payment to Merchant (VISA debit)	£10,000
24 April 2017	Payment to Merchant (VISA debit)	£10,000
25 April 2017	Payment to Merchant (VISA debit)	£10,000

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25 April 2017	Payment to Merchant (VISA debit)	£10,000
25 May 2017	Payment to Merchant (VISA debit)	£1,000
19 July 2017	Payment to Merchant (VISA debit)	£4,000
31 July 2017	Payment to Merchant (VISA debit)	£5,000
31 July 2017	Payment to Merchant (VISA debit)	£8,000
1 August 2017	Payment to Merchant (VISA debit)	£5,000
		<b>Total: £149,600</b>

*What Mr B has said*

Mr B, a pensioner, came across the merchant via an internet link which advertised how people had invested relatively small amounts of money and made good profits. He left his contact details with the merchant and was contacted by a broker.

Mr B said the broker told him how the merchant used technical data and other information from the media to invest money on behalf of customers leading to really good profits.

Mr B explained it was difficult for him to understand as he had no knowledge of how to trade. He said the broker convinced him that all trades were made using their 'experts' and guaranteed success and the security of his investment. The broker advised that in order to use the expert service, Mr B would need to upgrade his account to gold and then platinum and the only way that could happen would be through large investments. Mr B said he was then told that if he made investments of specified amounts during the merchant's 'reporting season', he would have access to exclusive rates.

Mr B said the broker told him to watch a series of videos that he states were to convince him of how safe the service was. The broker also advised that the merchant works with all the card schemes and he could make his deposits using his debit card – which offered him protection. He felt persuaded by the broker to continue.

Mr B said the broker built up his confidence over a period of four months by encouraging him to invest large sums. He also said he invested further funds with the merchant with another of his banking provider's (Bank B). Mr B invested just under £60,000 with the merchant from his Bank B account.

Mr B said he was told and shown - via his trading platform - that he was making a profit. And when he tried to withdraw money he was initially given a credit of £2,000. He said this gave him confidence to continue.

Mr B said the broker then advised him that he had allegedly lost £33,400. The broker advised that she had spoken to her manager and they had come up with a new strategy related to a bonus scheme.

He said she convinced him that the only way to recover his lost funds was to invest more money and if he did, the merchant would give him free trade capital. But he says this didn't happen. When he tried to withdraw his investment, the broker said he couldn't.

Mr B stated that during the month of August 2017, he was in a state of shock when he had come to the realisation that he had been defrauded. From September 2017, he researched how others had also been defrauded by the merchant.

Mr B contacted Lloyds to attempt a chargeback claim in November 2017. Mr B said Lloyds declined to take his chargeback claim forward because the time for raising a chargeback had lapsed. Mr B contacted Lloyds again and stated Lloyds should have recognised that as a vulnerable pensioner, the monies paid to the merchant were out of character for Mr B.

Mr B received no further response and contacted Lloyds a final time in January 2018 when he formally complained.

On 21 March 2018, Lloyds issued a final response to explain that it wouldn't be processing a chargeback because it had no grounds to.

Mr B referred the matter to this service for review. He highlighted that Bank B processed chargebacks and recovered almost £50,000 of the Bank B loss. But they were disputing the remaining monies as a separate complaint with Bank B as they didn't feel Bank B appropriately processed chargebacks for this remaining amount.

#### *What Lloyds have said*

Lloyds acknowledged that Mr B was initially given incorrect information that his chargeback was out of time. For this, Lloyds paid Mr B £150 to recognise the poor service it had provided.

Lloyds stated that when a chargeback claim for misrepresentation is made, it's required to follow the VISA regulations. For a chargeback to be processed, VISA has a set of criteria that needed to be met. This included reviewing the merchant's terms and conditions.

Lloyds stated that because the merchant's terms and conditions did not accept any liability for any loss, it wouldn't be able to assist with a chargeback claim.

Lloyds further stated that it would usually have 120 days from the date of the transaction or the date on which a service was due to be provided to raise a dispute. The dispute would also have to be raised in any case within 540 days of the transaction date. Lloyds explained that the service was an ongoing one which meant, Mr B was within the 540 days allowed to raise a chargeback. But although Mr B was within the VISA time limit, Lloyds said it was unable to help.

#### **My provisional findings**

I've looked at all the information from the parties involved in this complaint to decide what is fair and reasonable.

I've considered whether Lloyds:

- Dealt with Mr B's request to raise a chargeback fairly;
- Ought to have suspected that Mr B had fallen victim to a scam sooner than his report;
- Adequately recognised the impact of the incorrect information it provided to Mr B.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; the scheme provider's rules; and, where appropriate, what I consider to be good industry practice at the time.

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises them to make, in accordance with the Payment Services Regulations (in this case the 2009 regulations) and the terms and conditions of the customer's account. That was the case from December 2016 – August 2017 ("the period of dispute"), and remains so now, and I've taken this into account when deciding what's fair and reasonable in this case.

But that is not the end of the story:

- Regulated firms like Lloyds are also required to conduct its 'business with due skill, care and diligence' (FCA Principle for Businesses 2) and to 'pay due regards to the interests of its customers' (Principle 6).
- Firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. During the period of dispute, those requirements included maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship).
- Firms like Lloyds have a longstanding regulatory duty to take reasonable care to establish and maintain effective systems and controls for compliance with applicable requirements and standards under the regulatory system and for countering the risk that the firm might be used to further financial crime (SYSC 3.2.6R, which has applied since 2001). Over the years, the FSA and its successor the FCA have published a series of papers setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by banks to counter financial crime. In 2012, the FSA issued thematic review paper 'Banks' defences against investment fraud – Detecting perpetrators and protecting victims' ("the 2012 paper").
  - The 2012 paper focussed on investment fraud and examples of good practice outlined in the 2012 paper included: real time payment screening against a well formulated watch list; transaction monitoring rules designed to detect specific types of investment fraud (providing boiler room fraud as an example); banks actively contacting customers if they suspect investment fraud is taking place; banks placing material on investment fraud on their website; work to detect and prevent investment fraud being integrated with a bank's vulnerable customers initiative.
  - The contents of the 2012 paper are now reflected in FCG 4.2.5G and previously in the FSA/FCA publication 'Financial Crime a Guide for Firms'.

In addition, as a matter of good industry practice during the period of dispute, I consider firms should in any event have taken proactive steps to:

- Identify and assist vulnerable consumers and consumers in vulnerable circumstances, including those at risk of financial exploitation (something also recognised by the FCA in recent years and by the British Bankers Association's February 2016 report *'improving outcomes for customers in vulnerable circumstances'*)

I appreciate Mr B's stance that Lloyds ought to have recognised he was vulnerable at the time of the transactions and flagged the transactions on that basis. But I've not seen anything that leads me to believe Mr B was a vulnerable consumer or in vulnerable circumstances.

Taking all of this into account, I consider that through the course of Mr B's payments to the merchant, Lloyds should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had the systems in place to monitor transactions, with a particular focus on identifying potential victims and perpetrators of investment fraud and have actively contacted customers at risk. This is particularly so given the increase in sophisticated investment fraud and scams in recent years, which banks are generally more familiar with than the average customer.

#### Binary options and the merchant

The FCA describes Binary options as a form of fixed-odds betting. Typically, a trade involves predicting whether an event will happen or not (for example, will the price of a particular share or asset go up) and the outcome is either yes or no.

If the investor is correct, they 'win' and should see a profit on their investment; if they're wrong, they lose the full amount invested. The FCA noted its concern about binary options in a note that was first published on 14 November 2017, where it highlighted; *'Binary option consumers typically lose money, and these losses can be significant'*.

But this wasn't the first-time concerns about binary option operations were publicised. Regulators, police enforcement agencies and news reporters from countries within the European Economic Area (EEA), along with non-EEA countries, expressed concerns around fraudulent binary option merchants in the years leading up to the period of dispute – which stemmed from customer complaints.

The sale of binary options has been banned in the UK from 1 April 2019. Prior to that a temporary ban was in place in the UK and during the period of dispute the sale of binary options was regulated by the UK's Gambling Commission.

There is limited information now available about the merchant as it is no longer in operation. But from the information I have located, the merchant was based outside of the UK and didn't fall under the regulation of the UK's Gambling Commission. The merchant is linked to a parent company and for the purposes of this decision I'll refer to that company as ('C'). C is regulated by The Cyprus Securities and Exchange Commission (the regulator).

A 'passport' enables an authorised firm to provide financial products or services, set up a base, or run its permitted activities in another country in the EEA. This includes where a firm

regulated in another EEA country passports into the UK. C was permitted to provide certain services to the UK through a passport – which included investment services. C however, appeared to have delegated the advice and sale of binary options to the merchant – which during the period of dispute was unregulated and unlicensed. C obtained registration for the merchant in August 2018 (after the period of dispute). The merchant was permitted to ‘passport’ to the UK from this time.

During the period of dispute, the merchant had several warnings issued by regulators in different countries.

I’ve noted that C was fined by the regulator in November 2017. To summarise, the regulator found that C did not:

- Effectively supervise or take reasonable steps to prevent any *‘unjustified deterioration in operational risk when it assigned activities to third parties’*;
- *‘Information sent to clients and prospective clients through its website marketing materials were not, at all times, precise clear and not misleading.’*

From the information available about the merchant, C and general information in the public domain about binary option operations, I’m satisfied that during the period of dispute Lloyds ought to have reasonably had the capability to recognise:

- Misrepresentations made by a merchant advising and selling binary options – identified through a consumer’s testimony or through information from the merchant directly;
- A binary options merchant operating without regulation or a license;
- The likelihood of a binary options merchant operating fraudulently.

In this case, I’m satisfied that Lloyds ought to have been reasonably concerned that all 3 bullets could be identified about the merchant during the period of dispute.

#### Could Lloyds have prevented Mr B’s loss?

From Mr B’s testimony, he had been groomed over several months to trust the merchant and he believed his money was safe. When he began to lose money on his investment, he also trusted that the merchant would do as it promised and get his money back for him.

Whilst I accept there is a balance to be struck between identifying payments that could potentially be fraudulent – and then responding appropriately to any concerns – and ensuring minimal disruption to legitimate payments, I do not think that means Lloyds acted fairly and reasonably in Mr B’s case. I also do not think that given the circumstances in this case as a whole – including the environment created by the increase in sophisticated fraud and scams in recent years – that Lloyds ought not to have done more.

How Lloyds chooses to configure its fraud detection systems given those competing concerns, is ultimately a matter for Lloyds to decide. But the question I need to consider here is: based on all the circumstances of this complaint, whether Lloyds ought fairly and reasonably to have done more in Mr B’s case – whether its fraud prevention systems detected the payments or not. And taking all of the above into account, and what I’ve already said about this, I am satisfied that Lloyds - during the period of dispute - should fairly and

reasonably have had systems in place to look out for signs that might indicate that its customers were at risk of investment fraud.

What is a sign depends on the overall circumstances. But there are some common patterns that appear with transactions to binary option operations that should make them identifiable, along with other factors that ought to flag potential concerns with a bank, these include:

- Merchant category codes used to process payments for the advice and sale of binary options.
- The value of the transactions when considering the customer's normal spend.
- The geographical locations of the payments commonly used by fraudulent binary option operations.
- The transactions being made in card not present environment.
- Adverse information available about the merchant named on the transaction.
- The patterns of the transactions commonly starting small and increasing over short periods of time.

All of the above bullets were factors during the period of dispute and I think Lloyds ought to have had concerns from the third transaction - as payments to the merchant started to increase.

Based on everything I've outlined, I think there was enough information present in Mr B's case for Lloyds to have been concerned that he could have fallen victim to investment fraud. Sufficiently so to warrant Lloyds taking additional steps, or making additional checks, before processing the payments.

So, taking everything into account to decide what is fair and reasonable in this particular case, I'm satisfied that as a matter of good practice, given the circumstances of the transactions, Lloyds should have made enquiries before putting the payments from transaction three through.

I'm not suggesting Mr B should have been subject to an interrogation – merely, in the circumstances, a basic level of questioning designed to disturb or unearth a potential fraud and establish that Mr B was not at risk of financial harm.

So, I've thought carefully about whether the kind of questions that I believe ought fairly and reasonably to have been asked by Lloyds would have made a difference. When Mr B reported the matter to Lloyds, it said the following about most instances of trading, binary options and the merchant; *'they do not accept liability for any loss, therefore we are unable to raise a Chargeback for the transactions'*.

Whilst I think Lloyds was incorrect on this point – which I'll expand upon later. It's clear that Lloyds held the position that chargebacks could not be raised for most binary options disputes. As this was its stance, it would not have been unreasonable for Lloyds to flag this position to Mr B. It also would not have been out of place for Lloyds to suggest that Mr B thinks very carefully about depositing more money based on its stance that it could not recover any payments for him through the chargeback scheme.



Lloyds ought to have been in the position to flag general concerns about fraudulent binary options merchants and how they operate. This was during the period of dispute, and remains today, a common and sophisticated scam.

I accept that it's a possibility that even if Lloyds had taken those steps – as I consider it should fairly and reasonably have done – that Mr B would have proceeded with the payments. I consider this to be the case because from transaction three, Mr B had been persuaded by the merchant that he was earning profits and that his money was safe. I do think that if Lloyds had explained that fraudsters commonly restrict access to funds – through onerous terms buried in their written terms and conditions published on their website. And further explained that the written and published terms may differ to the verbal promises made by the merchant; then Mr B would have, at the very least, read through the terms and conditions available on the merchant's website to carefully locate the restrictions. I more so find this to be likely because Mr B was investing his pension income.

I'm satisfied in those circumstances that Lloyds could be in a position to compensate Mr B for his losses on the basis that it ought to have flagged the transactions.

I did find it curious that Mr B was given a credit of £2,000 by the merchant during the period of dispute.

I find that this credit, early on in Mr B's relationship with the merchant, was no more than a tactic used by the merchant to prove the 'profits' he was seeing on his trading platform were in fact real, in turn, legitimising the perception of its operation to Mr B. I find this is a common tactic used by unregulated and unlicensed merchants to provide assurances to consumers that they will see returns on their investments. This also acts as an inducement for the consumer to deposit more money. And in Mr B's case, he did just that, and didn't see any further returns.

I'm mindful of the law relating to contributory negligence and the impact a finding of contributory negligence may have to reduce the damages recoverable by a claimant in court proceedings. And I have considered whether Mr B was himself blameworthy in some way, but I am not persuaded that his actions were unreasonable in all the circumstances. I'm satisfied Mr B was simply the unwitting and blameless victim of a highly sophisticated fraudulent operation.

Mr B was presented with a sophisticated investment platform that appeared legitimate and genuine, along with a broker that appeared very knowledgeable and was trained to overcome objections and provide false promises. During the period of dispute Mr B was led to believe he was making profits and when he did suffer some losses, he was reassured the merchant would recover this for him through its expertise. I also find that Mr B placed a lot of trust in the payment method he used – his debit card. And felt reassured by the merchant's insistence that they worked in conjunction with the card scheme. So, I would need to first find that Mr B ought to have reasonably had no confidence in the payment system he used before he began to mistrust the merchant. Mr B said he thought making payments this way was safe and I can appreciate through the course of an elaborate deception, he felt assured of this.

Overall, on balance, I haven't seen anything that persuades me this was anything other than a situation where Mr B was expecting to pay a genuine investment firm. And, not unreasonably, believed the sophisticated website of the merchant and the knowledge of the broker – as would most consumers, unfamiliar with the sophisticated techniques of

investment fraudsters. I do not think it was unreasonable that Mr B did not recognise the risk, of this type of scam, or that there was a possibility that he might unwittingly fall victim to a fraudster if he didn't first consult the terms and conditions carefully. I'm not persuaded Mr B's actions here amount to contributory negligence or that it would be fair in all the circumstances to reduce the compensation Lloyds should be required to pay.

Whilst I'm satisfied Lloyds ought to be liable from transaction three to Mr B for not identifying the fraud earlier, which could have resulted in Mr B not depositing further funds with the merchant, I do think Mr B had a clearer recourse through the chargeback scheme. Had Lloyds pursued this appropriately, I think on balance, it would have recovered all of Mr B's losses and I'll explain why.

### Chargeback

The chargeback process is relevant here. A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant scheme rules. What this means is that Lloyds can, in certain circumstances, ask for a payment Mr B made to be refunded. One of those circumstances is where the goods or services aren't supplied or as described by the merchant Mr B paid.

A chargeback isn't guaranteed to result in a refund. There needs to be a right to a chargeback under the scheme rules. And under those rules the merchant can defend a chargeback if it doesn't agree with the request. If a chargeback is defended, the card issuer (in this case Lloyds) can make a second presentment of the chargeback by providing further supporting evidence. If it is still defended by the merchant, it can ask the card scheme provider to decide whether a refund should be given. This, final part of the chargeback process, is called arbitration.

There is no obligation for a card issuer to process a chargeback when a consumer asks for one. But we would consider it good practice for a chargeback to be attempted where the rights exist and there is some prospect of success.

When it comes to second presentment and arbitration, there is also no obligation for a card issuer to take these further steps if the initial chargeback is defended. But if the defence from the merchant is weak or the consumer is able to produce further strong supporting evidence, we would consider it good practice for the chargeback process to be pursued further. I've thought about this when considering what's fair and reasonable in this case.

Lloyds acknowledged the chargeback request was made in time but declined to process a chargeback claim for Mr B.

Lloyds quoted the terms and conditions of the merchant as a reason for not processing a chargeback claim:

*'Neither the Company nor its directors, officers, employees, or agents shall be liable for any losses, damages, costs or expenses, whether arising out of negligence, breach of contract, misrepresentation or otherwise, incurred or suffered by you under this Agreement'.*

Lloyds ought to have been aware that regardless of the terms and conditions not accepting liability for any claim, it had grounds to process a chargeback under services not as described – otherwise known as, misrepresentation.

I say this because on 26 October 2017, VISA issued an update to its card issuers and merchant acquirers. The update highlighted that from 14 October 2017, issuers could use the code for services not as described to address cases *'whereby a binary options (or forex) merchant has imposed obstacles to prevent cardholders from withdrawing funds.'*

The note went on to highlight merchants operating unregulated trading platforms *'prone to manipulation by controlling entities'* and recognised *'to gain consumer confidence, binary options merchants may use sophisticated terminology to emulate legitimate broker/dealers'*. It went on to recognise concerns brought to it by law enforcement and highlighted the risks of identity theft through consumers providing personal and sensitive information to the merchants.

The note importantly recognised that:

*'Evidence of a sales contract signed or acknowledged by the cardholder will not, on its own, be a defence for the acquirer or the merchant.'*

Overall, I'm satisfied Mr B did sufficiently evidence, through his testimony and evidence about the merchant that he was more than likely told to sign up to the merchant's website as a way of earning a guaranteed income and would be able to freely access his deposits.

Taking everything into account, I do not think Lloyds acted fairly in dealing with Mr B's chargeback claim. This is because I think it ought to have processed one.

It's now not possible for Lloyds to process a chargeback or take the dispute to the card scheme for arbitration. So, I have to make a decision on what I think was likely to have happened. I mentioned in the background to this complaint that Mr B also invested money with the merchant through his account with Bank B. Whilst, that complaint will be considered independently, it's relevant to discuss the actions of Bank B.

Bank B did process chargebacks for most of Mr B's transactions and the chargebacks did succeed on the basis that the merchant or merchant acquirer did not defend them. So, I think it's reasonable to conclude that if Lloyds had processed a chargeback for Mr B, it would also have likely succeeded on a similar basis.

As I think the chargeback would more likely than not have succeeded had Lloyds processed one, I think it should now refund £149,600 to Mr B. It should also pay 8% simple interest per year on that refund from the date it declined the chargeback claim to the date of settlement. This is because Mr B has been deprived of the use of these monies.

The reason I have made an interest award from the date Lloyds declined to process a chargeback claim and not from the third transaction is because this is the date that I'm persuaded Lloyds' action would have made the most difference to the recovery of *all* Mr B's funds. I think it's likely, but I cannot be certain Mr B would have stopped investing money with the merchant had Lloyds spoken with him after the third transaction because he was convinced the merchant was genuine. It could also be argued that the merchant may have been regulated as it had connections to C - which was regulated at the time.

And whilst I empathise with Mr B's shock when he realised he had fallen victim to an investment scam in August 2017, I do have to consider that it took him until November 2017 to report this matter to Lloyds. So, in order to be fair to both Lloyds and Mr B, I think the date Lloyds first declined to process a chargeback claim is the appropriate date to make a finding on the interest element of the award.

### Customer service

I've considered whether Lloyds should pay Mr B compensation for the trouble and upset he's experienced as a result of Lloyds' actions. In considering this, I've specifically thought about the impact of Lloyds' actions, rather than the impact of the merchant's actions.

Lloyds' failure to act has had an impact on Mr B not least because he has been facing the very real possibility for some time that he would not get his money back. As I've explained, Lloyds had the opportunity to assist Mr B by processing chargeback claims.

Lloyds acknowledged it provided incorrect information to Mr B when he initially requested assistance with a chargeback and paid £150 to recognise this. I've found that Lloyds went on to provide further incorrect information to Mr B when it said it couldn't assist him with his chargeback claim a second time.

For these reasons, I'm satisfied Lloyds should pay Mr B a further £300 for trouble and upset. And to be clear, this is in addition to the £150 it already paid him.

### **My provisional decision**

For the reasons I've explained, I'm intending to uphold this complaint against Lloyds Bank PLC – and to direct Lloyds Bank PLC, in full and final settlement of this complaint, to:

- Refund all the payments made to the merchant from Mr B's Lloyds account, less the £2,000 paid to Mr B by the merchant;
- Pay 8% simple interest on the above amount from the date Mr B requested a chargeback in November 2017 until the date of settlement. If Lloyds deducts tax from the interest element of this award, it should provide Mr B with the appropriate tax deduction certificate
- Pay Mr B £300 compensation in addition to what it has already paid to recognise the trouble and upset this matter caused him.

Dolores Njemanze  
**ombudsman**