

## **The complaint**

Mr K complains that Lloyds Bank PLC (“Lloyds”) won’t refund payments totalling £5,400 made from his credit card that he says he didn’t authorise.

## **What happened**

The details of this complaint are well known to both parties, so I won’t repeat everything again here. In brief summary, Mr K disputed over 160 payments made to eBay on his Lloyds credit card between October and November 2021, which he says he didn’t recognise.

Mr K first spoke to Lloyds about the transactions on 24 December 2021. He said there were multiple transactions made and he was going to contact eBay to see if his account has been compromised, and that he will get back to the bank.

He then spoke to Lloyds again in February 2022 but confirmed that he hadn’t yet spoken to eBay about the transactions. He told Lloyds that he and his partner had made purchases from eBay in October 2021, and that he was going to investigate further and consult with his partner. He then spoke to Lloyds again in March 2022, but still hadn’t contacted eBay to see whether the transactions had been made from his account. He again said he would reach out to them and come back to advise which transactions he knew to be genuine and which he wanted to report as fraudulent.

However, it then wasn’t until 23 January 2023 that Mr K spoke to Lloyds again and asked them to refund the disputed transactions. Lloyds looked into the matter but said that as it hadn’t received an update from Mr K between March 2022 and January 2023, it was out of time to consider any of the transactions as unauthorised. Unhappy with this, Mr K referred the matter to our service.

Our investigator didn’t uphold the complaint. He thought it was likely that Mr K had either authorised the payments himself or had given his partner authority to make the transactions on his behalf, so he didn’t think Lloyds had acted unreasonably by failing to treat them as unauthorised. Mr K disagreed, so the matter has been escalated to me to determine.

## **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.

Having done so, I’ve decided not to uphold it. I’ll explain why.

First, Lloyds said that Mr K was out of time to dispute the transactions as unauthorised. Under the Payment Service Regulations (PSRs) 2017, Regulation 74 sets out that a payment service user is entitled to redress only if it notifies the payment service provider as soon as practically possible, and in any event no later than 13 months after the debit date, on becoming aware of any unauthorised or incorrectly executed payment transaction.

Generally, if a consumer doesn’t recognise certain transactions, I would expect the bank to

take action upon first being notified. However, in this instance, while Mr K spoke to Lloyds on a few occasions in 2022, he wasn't sure which transactions he was going to be disputing and said he would be checking with eBay.

Mr K said that he recognised some of the transactions up to the value of £350 he'd made in late October 2021 as he and his partner had been shopping on eBay, but he didn't recognise the others. He said he was going to check to see if his account had been compromised, but then he didn't eventually confirm that he wanted to dispute the payments until January 2023.

So, while I don't think it was unreasonable for Lloyds to wait for him to confirm which payments he didn't think had been authorised, I'm not persuaded it could reasonably rely on the 13-month time limit set out in Regulation 74, as Mr K had initially notified Lloyds about the transactions earlier than this; it was just waiting on him to provide further details. But even accepting that Mr K *did* notify Lloyds within the time limits prescribed by the PSRs, I still don't think it would be fair and reasonable to hold Lloyds liable for the payments.

Lloyds has said that, due to the time that has passed, it no longer holds any records around how the payments were authorised and whether any of them were confirmed from a mobile device, for example. However, the little evidence we do have in this case suggests to me it's more likely than not that Mr K authorised the payments in any event. I'll explain why.

Mr K has said that his partner had used his credit card to make purchases from his eBay account, and he was aware of the purchases made in late October 2021. I appreciate Mr K may not have been aware of any further purchases, but it looks like his account continued to be used to make further purchases after that.

Mr K confirmed to Lloyds that no one else had access to his eBay account other than himself and his partner. So, if it wasn't Mr K who was making the transactions – and without any evidence or confirmation from eBay that his account or card had been compromised by a third party – the only other plausible explanation is that his partner continued making purchases on eBay using Mr K's card.

The PSRs 2017 allow for payment transactions to be initiated by someone acting on behalf of the account holder, which can be agreed informally (e.g. by the account holder asking or permitting a third party to undertake a task on their behalf). And if the account holder has permitted a third party to appear as if they have the consumer's authority to make payment transactions, those payment transactions will likely be authorised, even where the consumer didn't ask the third party to make any payments or know about them.

I've listened to another call where Mr K spoke to Lloyds about a transaction to Uber that was attempted on 17 February 2022 which he didn't recognise. He said he didn't use Uber and Lloyds said it would be cancelling his card, although he did remark that his partner used Uber. Lloyds asked Mr K if he kept his card safe and secure, and hadn't shared it with anyone. He confirmed that he hadn't previously shared his card with anyone *except* his partner to make eBay purchases,

So, in this instance, it's clear Mr K had given his partner authority to make the initial payments to eBay using his credit card. I haven't seen any evidence to suggest that Mr K terminated that apparent authority. So, based on everything I've seen, it seems more likely than not that the payments were carried out by his partner, acting under the authority Mr K had given for the initial purchases made in October 2021.

I appreciate Mr K says he wasn't aware of these transactions. But I note that Mr K was also paying his credit card bill when the disputed transactions were showing on his statements. The payment was not taken by direct debit and was paid via faster payment from Mr K's

account, meaning he must have seen how much he owed relating to all the transactions from the preceding month. And taking into account the sheer number of transactions made to eBay over the space of more than a month, it leads me to believe he would have most likely been aware of the transactions prior to 24 December 2021 when he first spoke to Lloyds about them. It's also not clear why he waited over 15 months to finally dispute the transactions with Lloyds from the time they'd taken place.

Overall, I'm satisfied there's enough evidence to suggest, on balance, that the payments were likely authorised by Mr K. And given there's no evidence to suggest that the payments were carried out by anyone else without Mr K's authority, I'm not persuaded Lloyds has acted unfairly by failing to refund them. At the point Mr K confirmed the transactions he wanted to dispute, he would've also been out of time to raise a chargeback claim as well, so there would've been no reason for Lloyds to pursue such a claim either.

I appreciate this will likely come as a disappointment to Mr K, but overall I'm not persuaded Lloyds has acted unfairly in these circumstances, so I won't be asking it to take any further action.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 April 2024.

Jack Ferris  
**Ombudsman**