

## **The complaint**

Mr H complains that Lloyds Bank PLC didn't do enough to protect him from the financial harm caused by a scam, or to help him recover the money once he'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

On 27 February 2022, Mr H went online to book some hotel rooms. He searched for a hotel which was part of a chain of hotels I'll refer to as "T", clicking on the link at the top of the search results.

This took him to what he believed was T's website where he entered the dates, confirmed the location and completed the booking form by entering the names of the guests. He thought the cost of the booking was £1,500 which he tried to pay using a credit card. But the payment failed so he instead used a debit card connected to his Lloyds account.

Before the booking was completed, Mr H was directed to open the Lloyds banking app on his phone to approve the payment. But once it was authorised, he received an email from "G" confirming receipt of £15,943.44 for the booking.

Mr H contacted Lloyds because he didn't recognise the merchant and he thought the cost of the booking was £1,500. Lloyds provided a temporary refund while it raised a chargeback dispute. But G defended the claim and Lloyds took the money back. When Mr H complained to Lloyds, it said he'd approved the payment therefore it was a genuine payment. It accepted there had been failings with the customer service he'd received and offered him £40 compensation.

Mr H complained to this service with the assistance of a representative. He accepts he didn't check the amount but he has argued that Lloyds should have checked before releasing such a large sum of money from his account.

His representative said Mr H doesn't recall clearly if the value of the payment was displayed but if it was it wasn't clear because he believed he was authorising a payment of £1,500. They also said Lloyds missed an opportunity to intervene and provide an effective warning. They said there were clear red flags including the value of the transaction compared to the normal spending on the account, a new payee, the rapid depletion of funds and a sudden change in operation of the account. They said it should have contacted Mr H to verify the payment and had it done so he wouldn't have authorised it.

Lloyds explained it had raised a chargeback claim under Visa's chargeback scheme and G had defended the claim stating the booking was non-refundable. Because of this it took back the refund and abandoned the claim. It said Mr H had authorised the payment using the app and produced a screenshot showing the amount was clearly displayed.

Our investigator didn't think the complaint should be upheld. She was satisfied Lloyds had shown the details of the payment would have been displayed in the app along with the name of the merchant. And as G had declined the chargeback claim, it had no further chargeback rights.

Mr H has asked for the complaint to be reviewed by an Ombudsman. His representative maintains this was an impersonation scam, Lloyds should have intervened when he made the payment because it was unusual due to value and had it done so he would have realised that he didn't want to spend that amount of money. They have indicated Mr H would be prepared to accept a 50% deduction on contributory negligence.

### **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 reached the same conclusion as our investigator. And for largely the same reasons. I know Mr H feels strongly about this complaint and this will come as a disappointment to him, so I'll explain why.

#### *Chargeback*

Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Lloyds) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Mr H).

When Mr H reported the disputed payment to Lloyds, it issued a temporary refund and raised a dispute with G under Visa's chargeback scheme. G defended the dispute stating Mr H had booked the reservation through its website having first agreed to the full transaction amount, cancellation policy and terms and conditions which stated the reservation was non-refundable. Based on this information, Lloyds took back the temporary refund and concluded there were no chargeback rights. I'm satisfied this was fair and reasonable and that there was no prospect of a successful chargeback.

#### *Was the payment authorised?*

Lloyds is expected to process payments and withdrawals that a customer authorises it to make and under the PSRs. Authorisation has two limbs – authentication and consent. So, I need to be satisfied the transaction was authenticated and that Mr H most likely consented to it.

I'm satisfied the payment was authenticated from the information provided to us by Lloyds. In other words, Mr H's genuine card details were used to make the payment.

Mr H doesn't dispute providing his card details to make the payment, however he has suggested he didn't consent to the payment because he thought he was paying £1,500 to T, not £15,943.44 to G.

He has said he didn't check the amount. He has also said he doesn't recall clearly if the value of the payment was displayed, but if it was it wasn't clear because he believed he was

authorising a payment of £1,500. To the contrary, Lloyds has said Mr H was asked to confirm the amount via the Lloyds app and that the amount was clearly displayed.

I can't know for sure if Mr H did see the amount when he approved the payment on the app or whether he took reasonable care to check the payment details were correct. But Lloyds has produced evidence of what Mr H was shown before he approved the payment and I'm satisfied the payment details would have been reasonably clear therefore he most likely consented to the payment.

Consequently, I'm satisfied Mr H authorised the transaction and so I can't fairly ask Lloyds to refund the money.

### *Prevention*

Where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment. Lloyds ought to fairly and reasonably be alert to fraud and scams, so I need to consider whether it ought to have intervened to warn Mr H when he made the payment. Mr H has argued that Lloyds ought to have identified the payment as unusual and contacted him to verify it, which would have alerted him to the payment amount.

Unfortunately, while I understand Mr H says he didn't intend to pay £15,943.44 to G, there's no evidence that G was operating a scam. I'm satisfied G was a legitimate booking website and whether or not Mr H realised the booking was being handled by a third party, I'm satisfied it wasn't a scam. So I can't fairly say Lloyds needed to intervene with a view to protecting him from financial harm due to fraud or that in failing to do so it missed an opportunity to have prevented his loss.

### *Compensation*

Lloyds paid Mr H £40 for failings in the service he received when he complained about the disputed payment and I'm satisfied that's fair and that it addresses the impact those failings had on him.

Overall, I'm satisfied Lloyds took the correct steps prior to the funds being released – as well as the steps it took after being notified about the disputed payment and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 10 April 2024.

Carolyn Bonnell  
**Ombudsman**