

The complaint

Miss W is unhappy Lloyds Bank PLC will not refund a charitable donation she made.

What happened

On 11 December 2023 Miss W donated £500 to a charity via a secure transaction using contactless on her card. She then decided this had been a mistake and wanted the money back. She contacted the charity but it said it could not refund the donation. So she then contacted Lloyds.

Lloyds explained there were no chargeback rights for charitable donations, or secure transactions. It said it could investigate it as a 'refund not received' but it would need evidence that the charity had agreed to process a refund. Miss W could not provide this. It paid Miss W a total of £80 for poor communication during her dispute claim.

Our investigator did not uphold Miss W's complaint. He said Lloyds' resolution was fair and there were no grounds for him to instruct it to refund the £500.

Miss W disagreed and asked for an ombudsman's review. She said Lloyds did not do enough to protect her. She wasn't in the right frame of mind when she made the donation as and as Lloyds was aware of her mental health issues it ought to have monitored her account closely and questioned the payment.

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.

I have also taken into account the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time.

Having done so, I am not upholding Miss W's complaint. I'll explain why.

There's no dispute that Miss W made and authorised the payment. Miss W knew why she was making the payment – as a charitable donation – and I am satisfied the transaction was authorised under the Payment Services Regulations 2017.

It's also accepted that Lloyds has an obligation to follow Miss W's instructions. So in the first instance Miss W is presumed liable for her loss. But there are other factors that must be taken into account given the bank's responsibility to protect its customers from the possibility of financial harm. So I have to decide whether the bank ought to have intervened and paused the payment until it had made direct contact with Miss W. I don't find that it should have.

To reach this conclusion I have considered the value of the transaction and Miss W's account history. I can't see there were any characteristics about the payment that ought to have triggered an intervention by Lloyds – there were a number of debits of a similar or

higher value in the months before. Miss W argues it should have protected her as there were support notes on her account about her mental health. But I don't think this meant Lloyds needed to review each transaction: there is a balance to be struck between protecting customers and minimising disruption to legitimate payments. And I am not persuaded it is reasonable to expect Lloyds to have systems to identify payments that could potentially be made in error – unlike say payments that are potentially fraudulent.

In addition, I can see Miss W opted to have her support notes removed part way through this investigation on 19 February 2024 so I would infer from this she no longer had 'concerns with money' as she previously told the bank. Even if the parties had spoken before the payment was processed I have seen no evidence that this would have altered her decision to donate in December 2023. It seems she did not change her mind that same day.

I have then looked at whether Lloyds did enough to help Miss W to recover the money after she contacted it. It explained it could not attempt a chargeback as there was no relevant right under which it could make a claim. And that without evidence that the charity had agreed to give a refund, or that it had processed a refund that had not been received, it could not help Miss W further. Both positions are reasonable and I cannot find any grounds to hold the bank liable for the £500. I am sorry Miss W changed her mind and wanted to recover her donation, but I haven't found any failings on Lloyds' part.

Finally I have considered the compensation Lloyds paid to Miss W for its poor communication when she raised her claim. Given the time frames involved I find it to be fair.

I know Miss W will be disappointed with my findings and conclusion, but I hope the explanation set out above helps her to understand why I cannot fairly hold Lloyds liable for the £500 payment. This now brings to an end what we can do in relation to this complaint.

My final decision

I am not upholding Miss W's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 23 October 2024.

Rebecca Connelley
Ombudsman