

## **The complaint**

Mr and Mrs E says Lloyds Bank PLC (“Lloyds”) refuses to refund them for a transaction on their account they say they didn’t authorise.

## **What happened**

The facts of this complaint are well known to both parties, so I won’t repeat them in detail here.

In summary, Mr and Mrs E say a £500 transaction on the morning of 30 August 2024 to a gambling website was unauthorised. It was completed using Mr E’s debit card, but he says he was not responsible for this. So, they say Lloyds should refund this money.

Lloyds says the evidence shows the transaction was only completed after a one-time passcode (OTP), sent to Mr E’s phone number, was correctly entered on the site. It says the transaction would not have been completed without this, and as Mr E says no one else has had access to his device, it must have been completed by Mr E himself.

Our investigator considered this complaint and decided not to uphold it. Mr and Mrs E didn’t agree, so the complaint has been brought to me for a final decision.

## **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.

Before I set out my thoughts, I want to acknowledge that I have summarised this complaint briefly and, in less detail, than has been provided. I’ve focused on what I think is the heart of the matter. Please rest assured that while I may not comment on every point raised, I have considered it. I’m satisfied that I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this and reflect the fact that we are an informal service and a free alternative for consumers to the courts.

Where there’s a dispute about what happened, and the evidence is incomplete or contradictory, I must make my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available evidence.

A consumer should only be responsible for transactions made from their account that they’ve authorised themselves. Mr and Mrs E have said they didn’t give any permission for the transaction in dispute to be made but Lloyds believes they did. My role then is to give a view on whether I think Mr and Mrs E more likely than not authorised the transaction, based on the evidence I have available.

Lloyds has provided evidence to show the transaction was made online using Mr E’s debit card. It has also shown the number it has registered for Mr E along with evidence that it sent an SMS message to this number to verify the transaction in dispute. The transaction was

completed successfully, minutes after the SMS was sent. So, Lloyds says this proves the transaction was completed by Mr E.

Mr E is not arguing that the SMS wasn't sent by Lloyds, but he is adamant that he didn't receive the message, and he didn't use it to verify this transaction. I have seen the evidence Lloyds refers to and I am satisfied that the message was sent to the correct number. Mr E says he received a SMS from Lloyds the next day regarding a blocked transaction to the same merchant, and he says he has received SMS messages from Lloyds in the past. And as I've not seen any reason why he wouldn't have received this particular message, I think it's likely he would've.

The transaction was completed successfully, and the evidence shows this was following a successful verification of the OTP. I appreciate what Mr E has said and I have no intention to call him a liar. But I wasn't there when this transaction took place, so I only have the evidence at hand to rely on. The evidence shows that the SMS code was used to verify this transaction before the funds were sent. And there have been no known instances when a transaction requiring an OTP has been completed successfully without it. So, the likely explanation is that Mr E completed this himself, especially since he told us that no one else has access to his device and it is protected via thumbprint.

I've thought carefully about the other possibilities, and I've considered what Mr and Mrs E think might have happened. There have been cases where remote access software has been used to access someone's device remotely and complete banking activities. But this type of fraud usually begins with a suspicious phone call, and it requires Mr E to have downloaded the remote access app on to his phone and then share an OTP for the app. Mr E has quite clearly told us that he has not received any suspicious calls or messages leading up to this transaction occurring.

Mr and Mrs E say they think someone from the bank must have intercepted the SMS and used this along with his card details to make the transaction. But there is no evidence to support this, and I think it's likely that if this was happening the employee would have done the same thing to many other customers as they would be taking a big risk for a such a small financial gain. However, we haven't seen any other cases to suggest this is happening at Lloyds or any other bank.

I've also considered the nature of the transaction. This was a fairly small transaction to a gambling website. This is not what we typically see of fraud. Usually, fraud transactions involve several payments in quick succession in order to extract as much money as possible before access is blocked. I have taken note of the fact that I don't have confirmation of the name of the account held with the website, and that the money has been withdrawn and the account closed. But this still isn't enough to persuade me that the transaction was unauthorised in the face of the other evidence available.

I know this outcome will come as a disappointment to Mr and Mrs E but the evidence suggests it's more likely than not Mr E completed this transaction, so it wouldn't be fair to ask Lloyds to refund it.

### **My final decision**

I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs E and Mr E to accept or reject my decision before 1 April 2025.

Sienna Mahboobani  
**Ombudsman**