

The complaint

Ms R has complained that Lloyds Bank PLC won't refund transactions she says she didn't make or otherwise authorise.

What happened

In spring 2024, a continuous payment authority (CPA) was set up on Ms R's Lloyds account using her card details. A CPA is a recurring card payment, normally used for subscriptions like streaming services, gyms, and so on. This CPA was for an online entertainment service. The merchant began taking payments.

Ms R says she didn't authorise the CPA. Lloyds held Ms R liable for the payments in dispute, saying she authorised the CPA in her app.

Our Investigator looked into things independently and didn't uphold the complaint. Ms R asked for an ombudsman to reconsider the case, so the complaint's been passed to me to decide.

I sent Ms R and Lloyds a provisional decision on 17 February 2025, to explain why I thought the complaint should be upheld. In that decision, I said:

To be clear, this decision is only about the dispute between Ms R and Lloyds. It is not about the merchant itself. We do not have any jurisdiction over the merchant, and the merchant and Lloyds are two very separate businesses. Just because the merchant appears on her statement, it does not mean that they are somehow "commercially linked" to Lloyds in the way Ms R suggested. Her statements just reflect what happened on her account.

Broadly speaking, it's for Lloyds to evidence that the CPA was authorised. Otherwise it should refund the payments involved.

Lloyds's technical evidence shows that Ms R did access her online app on the day the CPA was set up. However, it has not provided an audit of Ms R's card activity as requested, nor sufficient evidence to pin down the time and method by which the CPA was set up. As such, I currently don't have enough to link Ms R's online activity that day to the setting up of the CPA. At present, as far as I can see, she might have just been checking her account.

Lloyds also says that the device and IP address used to set up the CPA matches up to what Ms R used for her other genuine payments. But it has not provided the relevant online logs covering other genuine payments, so I can't compare the device or IP address used there.

Given what Lloyds has said, and Ms R's online activity that day, it sounds likely that Lloyds could potentially show that she set up this CPA, and I can see why our Investigator thought it was likely that she did. But ultimately, Lloyds has not provided sufficient evidence of this at present. As such, it has not evidenced that the CPA was authorised, and on that basis it must refund the resulting payments. I'm unsure what else Lloyds expected to achieve by declining to provide the evidence we require. If Lloyds wishes to dispute this outcome, it will need to make sure that we've received the evidence we require before the deadline of this provisional decision.

In terms of putting things right, if the CPA was unauthorised then Lloyds must refund the resulting payments, along with any fees the CPA might've incurred. I do understand that Ms R would also like an apology. The problem is that if I were to make Lloyds apologise, it would seem forced rather than genuine – Lloyds would be saying sorry because I told it to. Instead of an apology, I'd ask it to pay her simple interest on the refunded payments, at the rate of 8% simple per year, to compensate her for the time she was without this money. This simple interest is the same mechanism that the courts use in similar situations.

I said I'd consider anything else anyone wanted to give me – so long as I received it before 24 January 2025. Neither party sent me anything new to consider.

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.

Neither side have sent me any new evidence or arguments. So having reconsidered the case, I've come to the same conclusion as before, and for the same reasons as set out in my provisional decision above.

Putting things right

I direct Lloyds Bank PLC to:

- refund the disputed transactions and any fees which were incurred because of the transactions debiting; and-
- pay simple interest to Ms R on those refunded transactions, at the rate of 8% simple a year, payable from the date they were debited until the date they're returned.

If Lloyds considers that it's required by HM Revenue & Customs (HMRC) to deduct tax from that simple interest, it should tell Ms R how much tax it's taken off. It should also give Ms R a tax deduction certificate if she asks for one. Ms R may be able to reclaim the tax from HMRC if she doesn't normally pay tax.

My final decision

I uphold Ms R's complaint, and direct Lloyds Bank PLC to put things right in the way I set out above.

If Ms R accepts the final decision, Lloyds Bank PLC must carry out the redress within 28 days of the date our service notifies it of the acceptance.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms R to accept or reject my decision before 24 March 2025.

Adam Charles
Ombudsman