

# Cash machine complaints

## Victims of fraud can appeal against doubting banks

**M**ost people with a bank or building society account regularly use cash-machines. And around 7.5 million cash-machine transactions are successfully carried out in the UK each day.

Seen in this context, the number of cash-machine disputes referred to the Financial Ombudsman Service – the free service set up by law to settle complaints between consumers and financial firms – is relatively small. However, the cases that are referred to the ombudsman often require detailed investigation.

In a case that the ombudsman was recently asked to investigate, Peter Andrews tried to withdraw some money from a cash machine outside his bank branch. He entered his details, but found that the screen was not functioning correctly. The machine would not release his card and his money did not appear, so he went into the branch to report the problem.

He was very upset to discover that while he had been queuing in the bank branch

to tell them about the problem, £300 had been withdrawn from his account. The withdrawal had been made at another bank's cash machine a few minutes walk away. Mr Andrews' bank refused to refund the £300 as they said he must have been "*negligent in the care of his card or Personal Identity Number (PIN)*" for the withdrawal to take place.

Following Mr Andrew's complaint to the ombudsman service, the ombudsman gathered information about his attempt to withdraw money with his card. They also obtained audit trails from both the cash machines in question. After considering all the facts, the ombudsman concluded that Mr Andrews has been a victim of a scam – often known as the '*Lebanese Loop*'. A fraudster tampers with a cash machine so it appears to 'swallow' the customer's card. And having observed the customer using the machine, the fraudster knows the customer's PIN, so they can use the card to

take money from the customer's account.

The ombudsman did not agree with the bank's view that Mr Andrews had been negligent with his PIN. They upheld the complaint and told the bank to refund the £300 and to make an additional payment for the inconvenience caused to Mr Andrews.

If you do have a banking problem, your bank will usually be able to sort things out quickly and easily. But if you've complained to your bank and are still unhappy the ombudsman service may be able to help.



**Financial  
Ombudsman  
Service**

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