

The complaint

Mr F complains that Lloyds Bank PLC ('Lloyds') blocked him from making payments using his credit card and prevented him from accessing his online banking account.

He says he is further unhappy with the difficulty he's experienced with Lloyds when raising these problems.

What happened

On 30 July 2022, Mr F, a long-standing customer of Lloyds, says he tried to use his credit card at a local store using the contactless functionality, but the transaction failed - even though he had funds available. This caused him embarrassment and inconvenience as he then had to repeat his shopping trip using cash.

Between September and November 2022, Mr F complained of experiencing issues accessing his online banking. He says, despite requesting one-time passcodes (OTP), this didn't resolve the situation as the codes were rejected.

Mr F says he has gone to considerable effort to contact Lloyds; he's faced long queue times on the phone and written to it several times, so this matter has caused him inconvenience. Lloyds didn't uphold Mr F's complaint regarding his card being blocked. It told him that the payment was declined because of a contactless feature which meant that he should've tried to complete the payment by entering his PIN, but it accepted that the level of service was far from ideal and paid him £50 by way of apology. It also commented on the OTP saying it had sent the code for a transaction from July 2022 to a number it held on file for Mr F but it has since updated this to reflect his current contact details.

Unhappy with Lloyds' response, Mr F referred the matter to this service. The investigator looked at all the available information but didn't uphold Mr F's complaint. She said she was satisfied:

- Mr F would be required to enter his PIN from time to time when using the contactless facility
- Lloyds had shown it had correctly sent Mr F the OTP and that he'd entered it incorrectly on 12 September 2022 which resulted in the account needing to be reset but that she'd seen successful attempts of him being able to log in thereafter.

Mr F disagreed. He didn't think the investigator had thought about the amount of time and effort he'd invested to resolve the issues so felt the payment of £50 fell short. He feels that, up to this point, we haven't fully understood his complaint.

He also raised the following issues:

- he'd been publicly mocked and humiliated by staff in branch
- he'd been told by branch staff there had been changes made to the online banking log in procedure which hadn't been communicated to him, and
- he'd requested paper statements in branch that to date hadn't been sent to him

These points haven't been raised with Lloyds, so we've passed them on for it to consider and respond directly to Mr F. Under the rules of the regulator, we're not able to comment on this until they have.

I am however able to comment on the earlier issues Mr F faced with his credit card and online banking so that complaint has passed to me to decide.

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.

At the outset I acknowledge that I've summarised Mr F's complaint in far less detail than he has, and in my own words. I've given careful consideration to all the submissions made by both parties, but if there's something I've not mentioned, it isn't because I've overlooked it. Rather, it's because I've focused on the matters that I consider most relevant to how I've reached a fair outcome – in keeping with the informal nature of our service.

Having done all that, I don't think this complaint should be upheld. I realise this will be disappointing for Mr F. But I hope the reasons I have set out below will help him to understand why I have come to this conclusion.

Credit card blocked

It is not disputed that Mr F had trouble using his credit card to make a purchase at a local store. The transaction failed three times. From the information I've seen this was due to the PIN being required in place of the contactless payment method. This is outlined in the security procedures contained within the Welcome Letter initially sent to customers where it says: "Customers will need to periodically enter their PIN as a security measure". These measures apply to all contactless card accounts, not just Mr F's. So, I don't think the problems Mr F has experienced is through any error on Lloyds' part.

I appreciate Mr F has said the extra security measure caused some inconvenience and even embarrassment, but I would expect Lloyds to have taken reasonable measures to protect its customers against fraud. Here it did this by periodically requiring the PIN to be entered. So, I don't think the extra security measures are unfair. In any event, I've seen the transaction history for the credit card which shows Mr F has been able to use the card to make further transactions successfully from 12 September 2022 onwards despite the security measures.

Accessing online banking

From September to November 2022, Mr F tells us on at least five occasions, he experienced difficulty in accessing his account online. He says despite entering the correct code, he was prompted to re-enter it. Sometimes this would work but there were times that it wouldn't, so he was forced to either call the bank or visit a local branch.

Mr F also says he experienced long call wait times and was forced to engage in months of administration and time in pursuing the matter. It's clear that Mr F had problems logging in to online banking, and I don't doubt that was frustrating and caused him some inconvenience. In the circumstances, Mr F required an OTP to regain access online. Lloyds has provided evidence to show Mr F entered his password incorrectly on numerous occasions for his online account, so I can't say that's because of anything Lloyds did wrong.

Compensation

Lloyds provided £50 compensation to Mr F. I understand Lloyds specified this to be for call wait times. It accepts it could have offered better service and has apologised for the inconvenience that's been caused, but Mr F says this isn't enough.

I've kept in mind how this has affected Mr F. It's very clear in the letters to Lloyds and the submissions he's made to our service. There's no need for me to detail everything Mr F has explained but I acknowledge that as a part of that, Mr F says he had to chase Lloyds several times for a response. Having looked at the information provided, it appears Lloyds provided a final response in both August and October 2022 so, I'm satisfied Lloyds met its regulatory obligations and responded to Mr F within the eight-week time scale set by the regulator for responding to consumer complaints. As such, I find Lloyds shouldn't be required to pay Mr F further compensation here for its customer service

In conclusion, I'm satisfied that Lloyds did nothing wrong when it blocked Mr F's credit card for legitimate security checks. I'm also satisfied it was able to block access to his online banking based on the number of times an incorrect password was entered. It follows that there's no basis for me to direct Lloyds to do, or pay, more than it's already done.

I fully accept that Mr F might disagree with my thoughts on what is or isn't reasonable, but he's perfectly entitled to disagree with my decision. With that said, this is the final stage of our process.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 11 April 2024.

Farzana Miah
Ombudsman