

The complaint

Mr H complains that Lloyds Bank PLC blocked his account. He would like an explanation and compensation.

What happened

Mr H had an account with Lloyds which he opened in August 2022. Mr H received a payment into his account of £27,000 on 29 September 2022.

Lloyds conducted a review and blocked the account on 3 October 2022. The account block was removed on 19 October 2022.

Mr H has said he went into branch to arrange a transfer of £24,000 to a friend. Mr H says he was asked to provide source of funds information which he did in branch. His account was blocked. He said he has no access to funds and has had to borrow from friends. He has fallen out with his friend because Mr H couldn't send him the funds his friend needed. Mr H says he is now regarded as an untrustworthy person. He says this situation has caused him anxiety and depression. Mr H says he has gone into branch and called Lloyds many times in order to resolve the issue.

Mr H was contacted by the police to ask for proof of his funds. He thinks Lloyds contacted the police about him.

Lloyds said that they were entitled to review the account and block it as part of their terms and conditions.

Mr H complained to our service. He said he believes their account was blocked due to race discrimination but hasn't explained why. He's also said that Lloyds' actions have caused him considerable distress, in addition to the inconvenience associated with the block on the account.

One of our investigators looked into the complaint. He didn't think Lloyds had provided us enough information to conclude they had acted fairly when they reviewed the account. He awarded compensation of £150 for the inconvenience caused to Mr H during the block of his account.

Lloyds agreed with the view.

Mr H disagreed. He said he had been treated unfairly by Lloyds because of his race. The block had meant he had to abandon his studies and had to return to his home country.

Our investigator considered the evidence provided. He thought the information provided didn't show that Mr H had to abandon his studies and return to his home country as a direct result of the block on the account.

As no agreement could be reached the matter came to me and I issued a provisional decision.

In my provisional decision I said:

Financial businesses, like Lloyds, are subject to a number of legal and regulatory requirements. These mean they have to monitor their customers' accounts and may need to review an account at any time. While that is happening, they may need to block or restrict any payments. This is reflected in their terms and conditions.

Our role is to review whether the bank treated Mr H fairly and their actions were reasonable. Mr H's complaint involves an allegation of discrimination based on a protected characteristic. We're required to take the Equality Act 2010 into account when dealing with complaints of this nature when deciding what's fair and reasonable. But it's not for us to make a decision that a business has breached the Equality Act 2010. That's the role of the Courts. Where we decide a business hasn't acted reasonably, we ask the business to put things right for the consumer.

As I've mentioned Lloyds have a set of procedures in place for monitoring accounts in order to comply with its legal and regulatory obligations. This means it's entitled to block an account to review it at any time.

I can see Lloyds blocked Mr H's account on 3 October 2022 to conduct a review. They completed their review and unblocked the account on 19 October 2022. Mr H complained to Lloyds about the block saying that he thought it was due to race discrimination. Mr H remains of that view.

Lloyds needs to provide information to this service so we can fairly decide a complaint. Lloyds has failed to provide sufficient information about why it blocked Mr H's account. In order for me to be satisfied that Lloyds' actions were appropriate in the circumstances, I asked them for information to support that the actions they took in respect to Mr H's account were fair. So, whilst I'm satisfied Lloyds acted in line with the terms and conditions in respect of the block, what they've provided, isn't sufficient for me to conclude that they treated Mr H fairly when blocking his account.

As I'm satisfied Lloyds haven't treated Mr H fairly, I've considered the impact this had on him.

Mr H has told this service that due to the block he had to borrow money from friends and that not knowing when his account would be unblocked caused him a lot of stress, he called Lloyds and went into branch many times.

Mr H said he had to abandon his studies and return to his home country as a result of the block on the account. I thank Mr H for the information he provided us. Having considered it in some detail I can't conclude that the block caused Mr H to have to abandon his studies. I say this because although I appreciate Mr H has provided us details of his invoice for university fees, having looked at this, the payment for £16,000 was due on 1 October 2022. Mr H had a deposit of £27,000 paid into the account which would have covered the fees, but he was planning to send £24,000 to his friend leaving him with only £3,000 which would not have covered the £16,000 fee payment due on 1 October 2022. So, I think Mr H must have another account or different means for paying his fees and the money in the account wasn't earmarked for his fees. In any event his fees were due on 1 October 2022 and the account was blocked on 3 October 2022. So, I won't be awarding compensation for this.

Mr H has also said that Lloyds got in touch with the police who contacted him and asked him questions about the source of his funds. I am aware Mr H was asked by email to provide the

source of his funds to the police. I don't doubt that being contacted in this way by the police would have caused Mr H some upset. Having said that I haven't seen enough information to conclude Lloyds was responsible for the police contacting Mr H. But in any event a business would be entitled to contact the police if they had genuine concerns. So, I don't think Lloyds did anything wrong in contacting the police if they did, and I'm satisfied Mr H provided them with the information they needed.

Mr H has explained the only conclusion for the actions of the business was that Lloyds had discriminated against him.

We asked Mr H to provide further details of any events that had taken place apart from the block of his account, which led him to believe Lloyds discriminated against him. For me to consider this point, I require further details to support Mr H's allegation. Mr H wasn't able to provide this, so I'm unable to consider this point further'.

The investigator thought Mr H should be awarded £150 in compensation for the inconvenience and stress of having his account blocked. Having looked at the evidence provided I agree, and I see no reason to change this amount.

Responses to my provisional decision

Mr H hasn't provided any further information to my provisional decision. Lloyds have agreed with my provisional decision.

Now both sides have had an opportunity to comment I can go ahead an issue my 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.

Although Mr H and Lloyds have not provided any further comments, I have nevertheless re-considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have seen nothing to change my mind and so my provisional findings stand.

I remain of the view that this complaint should be partially upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

My final decision

For the reasons stated above I partially uphold this complaint and I require Lloyds Bank PLC to pay Mr H £150 compensation for his material distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 6 March 2024.

Esperanza Fuentes
Ombudsman