

The complaint

Mr and Mrs H complain that Lloyds Bank PLC blocked some transfers they were trying to make when it was aware they were abroad and couldn't get in contact by phone. I'm aware that this concerns a joint account but for convenience I'll refer to Mr H throughout.

What happened

Mr H says he informed his bank, during a branch visit, that he was planning an extended visit abroad. He said he would be buying foreign currency using a currency exchange company (C). He says he was assured there would be no problem. But when he later tried to buy the currency, his card was blocked. He wasn't able to phone Lloyds' fraud section. He sent numerous emails to customer support stressing the urgency of his position and that he was unable to phone the fraud section. He contacted the complaints section in Glasgow but was told to phone the fraud number. He did manage to speak to a customer adviser who attempted to transfer him to the fraud section but the line dropped, and they couldn't get through when they tried to call him back.

Mr H complained to Lloyds and felt that the fraud section was being overzealous. He had made transfers to C before and felt that, given that he'd notified Lloyds of his intended trip abroad it should have been aware of his difficulties in using a phone. He also pointed out that he had tried to use the webchat but this just gave automated replies.

Lloyds explained that certain payments to C and other retailers were flagged for an additional security check, and it needed Mr H to confirm if these were genuine or not. To do this, Mr H needed to speak to the fraud section to verify his identity. Mr H was eventually able to talk to a fraud section adviser and his card and payments were unblocked. With regard to the webchat, Lloyds said there is a facility for speaking to a human agent.

On referral to the Financial Ombudsman Service Lloyds also said that it didn't have a record of Mr H coming into the branch but that it wouldn't have been able to assure him in advance that particular payments would be made.

Our Investigator said that the card was blocked for security checks to take place - this was an automated procedure. He said that Lloyds was within its rights to do this so he didn't feel that it had made a mistake.

Mr H didn't agree. He said that Lloyds should have been able to note his file so that the fraud section was aware of his difficulty in making contact by phone.

The matter has been passed to me for an Ombudsman's consideration.

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.

I can understand Mr H's frustration. I note from Lloyds' records that he had previously had a

transaction to C which he needed to unblock. So he wanted some assurance that when he went abroad his payments would go through. Whilst I note that Lloyds doesn't have a note of his visit to the branch, I don't think it's likely that any adviser would be able to guarantee that any particular payment would go through.

In the case of Mr H's subsequent transactions, I'm aware that these were blocked for additional security to take place. And again I understand Mr H's frustration that he was merely told the payment was declined without giving a reason. But I don't think that, given that Lloyds needed to confirm the payment was genuine, it would be reasonable to expect that it would give a reason without being able to speak to the customer first.

With regard to the automated procedure, with millions of customers making millions of transactions every day Lloyds has to use this to identify payments that need to be verified. And whilst this may affect legitimate customers making legitimate transactions this has to be balanced against Lloyds' need to comply with laws and regulations concerning handling of customers' money and prevention of fraud. In Mr H's case, I can't say that Lloyds acted unreasonably in blocking Mr H's payments.

I understand that in Mr H's case this caused him particular inconvenience as he had difficulties in accessing a phone whilst abroad. And the fraud team did require to speak to him in order to unblock the card. Unfortunately I don't think that any amount of noting on the file would have prevented the system blocking the card because of these particular transactions. I don't think it would be reasonable to expect Lloyds to bypass this procedure in Mr H's particular case. Using e-mail for instance wouldn't normally be regarded as sufficiently secure. And it wouldn't be practical to have a system that treats each customer individually. Further, as most people have access to a phone these days, I think the system Lloyds uses is fair.

As regards the webchat, I'm satisfied that the system does allow contact with a human rather than just a chatbot. I still don't think that the payment would have been able to be unblocked by the webchat, given the verification needs of the system.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs H to accept or reject my decision before 26 February 2024.

Ray Lawley
Ombudsman