

The complaint

Mr M complains that Lloyds Bank PLC blocked his account when he tried to make a payment and then required him to visit a branch, before it agreed to unblock his account and allow the payment.

To put things right, Mr M would like compensation to reflect the inconvenience Lloyds' actions caused him.

What happened

When Mr M tried to transfer a five-figure amount from his Lloyds' account to his account with another bank, Lloyds stopped the payment and placed a temporary block on his account.

Lloyds didn't uphold Mr M's complaint about what happened, saying:

- one of its main responsibilities was to safeguard Mr M's accounts from fraud and it applied the block as a payment he was attempting was flagged for extra checks
- Lloyds was unable to remove the block over the phone and Mr M was asked to go to a branch with identification
- whilst Lloyds appreciated Mr M's frustration with its security procedures, it needed to speak with him in person to remove the block from his account.

Mr M didn't feel this was a satisfactory response and so he brought his complaint to us.

Our investigator didn't think Lloyds had acted unfairly and so she didn't recommend any further action. In brief summary, she said that Lloyds had carried out checks in line with the terms and conditions of the account and she couldn't see that it had done anything wrong.

As Mr M disagreed with our investigator, his complaint has come to me for a 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.

This includes listening carefully to the call recordings Lloyds has provided.

As I understand the complaint, Mr M's main concerns are as follows:

- he followed the correct process for authorising the payment he wanted to make.
- He believes that when he inputted the one-time passcode (OTP) that Lloyds sent him, this should have been sufficient to verify his payment instruction and his payment should have been authorised.
- He doesn't feel that Lloyds has properly explained why this wasn't enough to verify his payment instruction.
- He had to attend in person at a Lloyds' branch when there is no branch close to where he lives and only limited public transport. Mr M made a special trip to a branch almost 15 miles away in order to verify his identity. He's concerned about what would have happened if he wasn't able to drive.

I can understand why what's happened has been upsetting for Mr M. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

Lloyds security procedures had flagged the need for extra checks before Mr M's payment could be authorised. So in this particular instance, even though Mr M entered the OTP, Lloyds blocked the payment so that extra checks could be completed. I appreciate this was frustrating for Mr M – particularly as he said he'd paid money to the same account previously. But these checks are designed in the interests of Lloyds' customers to help keep their money safe and prevent fraudulent activity on their accounts. I can't say more about why the payment was flagged up for extra checks. But I am satisfied that the relevant account terms and conditions, which Mr M would've agreed to in order to be able to use his account, allowed Lloyds to refuse his payment instruction in these circumstances.

Nonetheless, Lloyds still needed to act in a fair and reasonable way towards Mr M. I've thought carefully about this.

Mr M spent several hours on the phone with Lloyds trying to sort things out, which it's fair to say was a considerable time. But it seems to me that was at least partly because Mr M found speaking to Lloyds' fraud operations team very frustrating. For example, on occasion, rather than answer the question asked, Mr M wanted to tell Lloyds information he felt was important to stress. He didn't accept that the bank was entitled to take the action it had when he had done nothing wrong. He was unwilling to listen to information Lloyds said it needed to tell him about a scam it needed to bring to his attention. Mr M terminated one call when he found out that he'd need to attend in person at a Lloyds' branch. It took longer as a result for Lloyds to obtain the information it needed to be able to progress things. But this isn't a good enough reason for me to uphold this complaint.

Lloyds told Mr M that when speaking to him after his attempted transfer was flagged for extra checks, it sounded like Mr M was speaking to someone else in the background. This gave Lloyds reason to think he might be revealing the confidential passcode intended for his eyes only. Mr M explained that wasn't what happened. But I can understand why this might have raised concerns at Lloyds at the time, especially bearing in mind the reason Mr M's transfer had come to the attention of fraud operations in the first place.

Lloyds told Mr M that although he'd followed the correct procedure when trying to make the online payment, fraudsters are known to be able to intercept calls (on mobile phones and landlines). Also, Lloyds said it was possible for someone's phone number to be changed dishonestly. This explains why inputting the OTP wasn't enough to enable Lloyds to be satisfied on this particular occasion that this was a genuine payment.

Lloyds' fraud operations team wasn't able to remove the suspension on Mr M's account because the sort of block applied wasn't one it had authority to cancel. For this reason, Mr M was required to attend in person at a branch in order to speak to the fraud team when his identity was verified. I appreciate that Mr M doesn't think that should have been necessary when he operates his account online – and he lives a long way from a Lloyds' branch. But Lloyds explained clearly why this was the only way to proceed if Mr M wanted to unblock his account.

When Mr M visited the branch, after completing the necessary checks Lloyds was satisfied with the verification evidence he produced and that the payment he was attempting could be allowed. Lloyds then was able to straightaway remove the suspension on his account and allow the payment to go through.

I've taken into account that it wasn't easy for Mr M to get to a branch in person – and I appreciate this is why he prefers online banking. But I don't think it was unfair or unreasonable for Lloyds to require Mr M to visit a branch after his attempted payment was flagged by its system for extra checks. I would expect Lloyds to have processes for preventing fraud – all banks are required by law to put in place measures to protect customers from fraud. Lloyds requested Mr M's attendance in person at a branch when it had legitimate concerns that he might potentially be a victim of fraud after its system flagged his attempted payment. It seems reasonable to me that Lloyds wanted to see him in person in order to verify his identity. And that its fraud operations team would want to talk to him on a phone call made from within the branch in order to satisfy itself that this was a genuine transaction.

I've taken into account that Mr M believes the underlying problem here stemmed from a software issue or human error – what he describes as '*...incompetence or inexpertness*'. But I haven't seen anything that would support Mr M's concern that something went wrong at Lloyds' end or that Lloyds made a mistake here.

I appreciate that my decision will be disappointing for Mr M. But my role is to consider the evidence presented by Mr M and Lloyds, and reach a fair and reasonable decision. I must be impartial. In simple terms, to uphold this complaint there would have to be persuasive evidence that made it more likely than not that Lloyds had done something wrong or acted towards Mr M unfairly or unreasonably. But I haven't seen or heard enough to make any such findings, so I can't uphold his complaint. This means I can't award the compensation Mr M would like me to.

My final decision

My final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 13 June 2024.

Susan Webb
Ombudsman