

The complaint

Miss A is unhappy her account was blocked after trying to complete an international payment while on an overseas trip, and is unhappy with the service she received from Lloyds Bank PLC ('Lloyds') in relation to this. She's said she feels Lloyds have discriminated against her on the basis of her race and her being transgender.

What happened

Miss A says she told Lloyds on 8 November 2022 of her intention to go on an overseas trip to Jordan. The trip was due to take place from 14 November 2022 to 12 December 2022. Once in Jordan, on 23 November 2022, Miss A tried to transfer funds, in US dollars, from her Lloyds account to her Jordanian bank account.

She attempted the payment five separate times, within the space of around an hour. None of the attempts were successful as the two-factor authentication required could not be completed since Miss A had issues with the global roaming function on her mobile phone. Miss A contacted Lloyds the same day at 2:24pm to ask for assistance in completing the transaction.

I've listened to this call and can hear the payment was completed over the phone and \$11,284 debited Miss A's account. She is informed on the call of relevant information about the payment process such as timeframes and she was given a payment reference number.

However, after the call, the payment was then cancelled by the relevant team due to there being no purpose of payment code, which is required for all payments to Jordan. So, the funds were then returned to Miss A's account.

Lloyds sent a text message to Miss A's mobile phone which informed her of this. But, it was not delivered, again it seems due to the aforementioned roaming issues with her phone.

Miss A therefore contacted Lloyds again around two days later, on 26 November 2022. The first call was at 9:09am and she was advised that she needed to speak with the international payment investigation team to find out why the payment had been returned and get assistance in completing it. She was told she was being transferred through to that team, but was transferred through to the international payment processing team instead at 9:13am. The agent looked to see if they could ascertain why the payment was returned, but was unable to. So, they explained to Miss A that she needed to speak with the international payment investigation team but that they are not open for calls over a weekend. It was explained to Miss A that she would therefore need to call back on a weekday and she was given the international phone number for that team, so that she could call them from Jordan.

Miss A contacted Lloyds again on the next Monday, 28 November 2022 at 9:37am and was told she was through to the disputes team. She was told that team may be able to help but if not, they would still need to transfer her through to the original team she was advised to contact – the international payments investigation team. After looking into the issue, it was ascertained she did still need to speak with that team, and Miss A was then transferred through to the international payments processing team at 9:45am. Again, this was not the correct team and at 10:05am she was transferred through to the international payments investigation team.

Miss A spoke with this team and started to explain her situation, but the call disconnected before the issue could be resolved.

Miss A called Lloyds again at 10:15 am but was through to the wrong team and she was transferred through to the fraud team at 10:19am. Again, this was not the correct team to help her and so at 10:27am she was transferred again to the international payments processing team. On this call, the agent asked for the purpose of payment code which was missing from the original transfer and Miss A provided this. The agent explained that because it's the second time the payment is being attempted, it's been flagged for a security check. So, they needed to transfer Miss A to the payment referral team to complete this first.

Miss A was therefore transferred through to this team at 10:40am. The agent completed the relevant security check with Miss A, and she passed this, so the flag on the payment was removed. It was explained to Miss A that she needed to re-attempt the payment and she could either try this online again or they offered to transfer her back through to the international payment processing team who could then re-attempt the payment for her over the phone. Miss A said she would try the payment again online.

Miss A called Lloyds again at 11:12am that same day. She called the fraud team for card transactions, so she was not through to the correct team. It's explained she needs to speak to the international payments processing team again, but the call disconnected before it could go any further.

Miss A called again at 1:30pm and the same issue occurred – the call is ultimately disconnected before she could be transferred through to the correct team.

Miss A called again at 1:48pm and spoke to the fraud team. Miss A was frustrated by this stage and the call became somewhat heated. The agent looked into the issue and explained the transfer was again flagged for a security check and that Lloyds tried to call Miss A to verify earlier that day, but they weren't able to reach her. It seems this was due to Miss A's issues with global roaming on her phone as this would mean she's unable to receive the authentication call required for the payment. Miss A asked to be transferred back to the international payments processing team because they would be able to complete the payment for her over the phone.

Miss A was transferred through at 2:03pm. As with the earlier call at 10:27am, it was explained she needed to be passed through to the payment referral team due to the payment being flagged again for a security check. Miss A was transferred through to the debit card fraud team at 2:10pm. At the beginning of this call, the agent referred to Miss A as 'Sir' prior to bringing up her details on the system. Miss A then asked the agent to call her 'Mo'. The agent then called her 'Sir' again. The agent asked Miss A some questions about the transfer and her account and then put her on hold. When the agent returned, they told Miss A that they can't remove this type of block over the phone and she needed to visit a branch with photo ID. Miss A asked how she is to do that if she is overseas. The agent repeated that she would need to visit a branch in order for the block to be removed. Miss A, at this point frustrated, then seemingly hung up.

During this last call Miss A had with Lloyds while overseas, it has been confirmed by Lloyds that the call agent felt that in their opinion, Miss A's voice pitch/tone did not match the title and gender recorded on her account. So, following the call, they blocked Miss A's account in full.

In order to attend branch as instructed, Miss A therefore booked a new return flight in order to return to the UK from Jordan earlier than planned.

Miss A visited her local branch on 5 December 2022. The branch manager verified Miss A's photo ID and as per the required process, then contacted the fraud team by phone at 9:38am to confirm this. The account was unblocked as a result of this phone call. However,

Miss A was not happy with the service she received during this interaction, which I've gone into more detail about in my findings below.

Miss A complained to Lloyds on 8 December 2022 about the poor service she had received overall and also mentioned her additional flight and phone call costs. Lloyds issued their final response to the complaint on 14 December 2022 (due to a misprint this reads as 9 February 2023). In this response, Lloyds said they did not find that they had made any errors. And, that the 'checks' applied to her account had been to protect her from fraud. Lloyds did say that they would consider the phone call costs Miss A had mentioned if she was able to provide evidence of this.

Miss A was unhappy with this response and so referred her complaint to the Financial Ombudsman Service on 30 December 2022.

Prior to submitting their file to the Financial Ombudsman Service for consideration, Lloyds re-reviewed Miss A's complaint. Lloyds maintained their position regarding their security procedures and the block applied to the account. However, they accepted that Miss A had been misgendered on one occasion on the last call on 28 November 2022, where they say she was called 'Mr' on one occasion by the agent. They also accepted that the call with the fraud team made in branch on 5 December 2022 was not handled appropriately.

Lloyds apologised and have offered £75 compensation for the upset caused. They also reiterated that they would consider the call costs Miss A has mentioned, if appropriate evidence of these can be provided.

One of our Investigators considered the complaint. They upheld the complaint and didn't feel Lloyds offer of £75 was sufficient to put things right. They felt Lloyds should pay Miss A £500 for the distress and inconvenience caused.

Lloyds didn't accept the Investigator's outcome. They said while they understood Miss A's shock at being misgendered, they were not aware that Miss A was transgender and was in the process of transitioning. They said once the agent had loaded Miss A's details on the system, they then referred to her correctly. Lloyds also noted that Miss A did not correct the agent, but rather, asked to be called 'Mo'. They said they were not aware of Miss A's circumstances until she visited the branch on 5 December 2022.

Lloyds reiterated that they have a duty to protect customers' accounts and as part of that, may apply blocks where suspicions arise so that these can be investigated further. They therefore asked the Investigator to reconsider the amount of compensation that had been recommended.

The Investigator ultimately wasn't persuaded to change their opinion and so the case was passed to me for a decision.

I issued a provisional decision on this case dated 14 February 2024, in which I set out my reasoning as to why I thought the complaint should be upheld and further compensation awarded. We have received both parties' responses to this, and so I'm now finalising my findings within this final decision.

I have summarised my provisional decision below:

- Overall, I upheld the complaint and considered that compensation of £750 and an award for Miss A's flight and phone call costs would be appropriate.
- The payment in question was initially completed during the first phone call Miss A made to Lloyds on 23 November 2023. However, it was later rejected due to there being no purpose of payment code. Lloyds had confirmed that this requirement was something the member off staff Miss A spoke to ought reasonably to have known as it's contained within their bank process document for international payments. They also provided a screenshot of the relevant screen the staff member would have seen and this clearly outlined where to input the code. Lloyds did not have any explanation

for why the staff member did not ask Miss A for this code, or why they did not check the requirements for a payment to Jordan before proceeding except to say that this may have been an error or the staff member was inexperienced. Based on this, I concluded that this was something the staff member should have checked and if they had, they would have asked Miss A for the relevant code before completing the payment. However, I didn't necessarily think this meant the payment would have been completed at that stage because from listening to the later calls which took place, Miss A seemingly then had to go and request the code from the intended payment recipient. But, I concluded that if it weren't for Lloyds' error here, the payment being returned could have been avoided as well as Miss A having to call several times in order to find out why.

- Regarding the service provided during the phone calls, I didn't find it likely calls were ended due to staff hanging up on Miss A. Rather, I found it more likely the reason calls were sometimes ended prematurely was due to the global roaming issues on Miss A's mobile phone as she already accepted these issues occurred and affected her ability to complete the payment at various stages. I noted that Miss A often called the wrong team within Lloyds which did not help the situation. But also, that the actions of Lloyds staff did not help matters either since they often transferred Miss A through to the wrong team or to other departments without a warm handover. I felt this added to the time taken to resolve the issue and to Miss A's frustration and inconvenience.
- During the last call on 28 November 2023, Lloyds accepted there was one instance of Miss A being misgendered by staff. However, I outlined in my provisional decision that having listened to the call carefully, there were actually two instances of misgendering, including after the staff member had already loaded Miss A's account details.
- I outlined that I didn't have any concerns about the fact that the payment was flagged twice for a security check on 28 November 2023 as, from the evidence available, these were legitimate checks due to the payment being attempted multiple times.
- However, I didn't think the subsequent account block had been applied fairly. Miss A had passed security on the call and Lloyds had confirmed the only reason the account was blocked was that the staff member who spoke with Miss A took a manual decision to do so because, in their opinion, Miss A's voice did not match the expected tone/pitch associated with the name and title of the customer on the account. I explained this was not acceptable. I acknowledged that Lloyds staff have a duty to identify and challenge potential security risks and that this can sometimes necessitate the application of more robust security measures. However, I explained that comparing an individual customer's voice to a gender-specific voice tone range is no basis on which to identify any such risks.
- The reasons I gave for this were that firstly, there is considerable variance of voice tone and pitch within any gender group - whether cisgender or transgender - for reasons including, but not limited to, genetics, hormones, elective and non-elective surgery, and the ageing process. Secondly, the wide range of gender identities make any such risk assessment virtually meaningless. Thirdly, even if a failsafe method to match a caller's voice to their gender on file were possible, it seems highly unlikely this would be an effective tool to counter any security risk, as identity theft and fraud is carried out by people of all genders (and in any case technology already exists to modulate a caller's voice tone). And lastly, any assessment of voice tone carried out by an individual staff member is entirely subjective and can only be based on their own personal expectations and assumptions, which will vary between staff members.
- Since I didn't think the block should have been applied, it followed that if it hadn't,

Miss A would not have been instructed to visit a branch in the UK in order to remove it. I also said it was clear that Miss A was significantly worried about the payment and the block on her account and as a result, she paid for a new return flight so she could fly home earlier than planned.

- I also didn't feel the branch interaction and phone call Miss A had on 5 December 2022 were handled appropriately. The main reasons for this were that inappropriate questions were asked of Miss A regarding her transgender status and transitioning as well as inappropriate pressure put on her to add this information to her account in the form of a support need, despite Miss A showing clear upset and unhappiness with this to the branch manager and staff member handling the call. There were also a further two instances of misgendering, one within earshot of Miss A.
- I made clear that no customer should have to have disclose that they are transitioning, have transitioned or that they are transgender in order to be treated fairly or correctly by staff. I questioned the assertion by the branch manager that Miss A was happy to have the support need added to her account given her reaction. I explained that if Miss A is genuinely happy to have the aforementioned support need note on her account as a pragmatic workaround, then this can remain on her account if she wishes. But, I explained that the onus remains on Lloyds to train their staff not to misgender customers and not to make inappropriate assumptions or judgements in relation to voice pitch/tone. Overall, I didn't feel Miss A was listened to or shown empathy during this interaction.
- Lloyds had already accepted the branch interaction and call were not handled appropriately and I was pleased to see that they'd arranged for feedback to be sent to the relevant staff members.
- Overall, Miss A had explained that she felt traumatised and depressed by what happened and now feels scared about her safety going forward. She had gone overseas to visit her parents who are very ill and that she hadn't seen for seven years prior to that point. Her parents were very sad that she was leaving much earlier than expected which made her feel upset and embarrassed. She also had no friends or family to assist her during this time.
- Based on the interactions Miss A had, I didn't think there was any malicious intent on the part of the Lloyds staff members involved. And, I didn't see any evidence to suggest they were intentionally treating Miss A differently due to her race or being transgender. But, in summary, I explained that I felt that neither the £75 offered by Lloyds previously nor the £500 awarded by the Investigator sufficiently recognised the impact of Lloyds' errors. I provisionally decided that £750 compensation should be awarded to Miss A for the distress and inconvenience caused. This took into account everything I've described above along with what Miss A had told us about the impact on her.
- Prior to issuing my provisional decision, I asked Miss A to provide evidence of the costs she had mentioned, which she then provided. So, based on this evidence, I also provisionally decided that Lloyds should pay Miss A £327.20 to cover the cost of her new return flight and £148.91 to cover her phone call costs.

Miss A accepted my provisional findings in full. She also reiterated her upset at Lloyds' actions. Lloyds had no further comment to make, accepted my provisional findings in full, and confirmed they were happy to pay Miss A the compensation I'd outlined.

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.

Following the responses from both parties, I've considered the case afresh and having done so, I've reached the same decision as that which I outlined in my provisional findings.

Better service could have been provided in relation to the payment Miss A was trying to make. This caused unnecessary confusion and difficulty in resolving the issue and was frustrating for her. There were multiple instances of misgendering which were very upsetting for Miss A. And, the block was unfairly applied to her account, causing a significant amount of inconvenience, stress and disruption to her trip abroad. She then had an upsetting experience in branch.

I acknowledge what Miss A has said about her upset at Lloyds' actions and how this has made her feel in relation to her wellbeing and safety. I note she made similar comments prior to my provisional decision and I took that into account when issuing those findings and have taken all her comments into account when issuing this final decision as well.

I still consider an award of £750 compensation for the distress and inconvenience caused to Miss A is fair in this case. As I explained in my provisional decision, we'd consider an award of over £300 and up to £750 to be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out, which I remain satisfied is the case here from the evidence I've seen, including Miss A's testimony.

I remain of the view that there was no malicious intent on the part of any of the Lloyds' staff members Miss A spoke to. And, I haven't seen any evidence to suggest that they were intentionally treating Miss A differently on the basis of her race or being transgender. I'm also mindful that it's not our Service's role to punish businesses and this is not the purpose of a compensation award.

That said, I do remain of the view that there were several significant errors here which are not acceptable and caused significant upset, frustration and inconvenience to Miss A. And, that these errors merit a higher compensation award of £750, the reasons for which remain the same as those outlined in my provisional decision (summarised above).

I also remain satisfied by the evidence provided by Miss A of her flight and phone call costs and that it would therefore be fair for Lloyds to cover those amounts.

My final decision

My final decision is that I uphold this complaint and require Lloyds Bank PLC to pay Miss A:

- £148.91 for her phone call costs.
- £327.20 for her new return flight cost.
- £750 for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 9 April 2024.

Fiona Mallinson
Ombudsman