

The complaint

Mr A is unhappy that Lloyds Bank PLC blocked a transaction he wanted to make and with the service he received from Lloyds surrounding that.

What happened

To briefly summarise: In August 2023, Mr A attempted to make a transaction from his Lloyds account. However, the transaction was blocked by Lloyds and Mr A was asked to call Lloyds fraud department to discuss and verify the transaction with them.

Mr A called Lloyds fraud department, and after a long wait he spoke with an advisor who asked him a series of security questions. Lloyds's advisor then had some issues with their computer, and they placed Mr A on hold while they dealt with those issues, but then later cut Mr A off without returning to the call.

Mr A then made a series of calls to Lloyds customer service team asking them to allow the transaction he wanted to make and restore his access to his account, but without success. So, he raised a complaint.

Lloyds responded to Mr A and said that they didn't feel they'd acted unfairly by blocking the transaction as they had and confirmed that Mr A needed to call their fraud department to discuss the blocked transaction with them. However, Lloyds did acknowledge that Mr A had incurred some difficulty when trying to call their fraud department, and they apologised for this and credited £40 to Mr A's account for the trouble and frustration he'd incurred. Mr A wasn't satisfied with Lloyds' response, so he referred his complaint to this service.

One of our investigators looked at this complaint. After a lengthy review, Lloyds made an offer to pay £500 compensation to Mr A for what had happened, and to pay 8% interest on Mr A's account balance during the time that it had been blocked. Lloyds also called Mr A and arranged for the restrictions on his account to be removed. Mr A wasn't satisfied with Lloyds' offer, so the matter was escalated to an ombudsman 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.

I issued a provisional decision on this complaint on 10 April 2024 as follows:

Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Lloyds have an obligation to employ such systems in order to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.

Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to

err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems. And this may have been what happened in this instance.

In consideration of the above, I don't feel that Lloyds acted unfair by blocking the transaction in question here as they did. And so, I won't be upholding this aspect of Mr A's complaint.

Additionally, while it's accepted by all parties to this complaint that Mr A hasn't received the standard of service he was reasonably entitled to receive from Lloyds surrounding his attempts to verify the transaction and restore his access to his account, I feel that Mr A should also bear some accountability for the length of time this matter remained unresolved.

There are several reasons I take this position. The first is that when Mr A first spoke with Lloyds, he called their fraud department but was unfortunately cut off. Mr A then called Lloyds back on a different number and was upset when he had to be transferred to the fraud department. And when Mr A called Lloyds for the third time, he again called the different number, rather than calling the number for the fraud department which he was aware was the department he needed to speak with.

There then followed a series of calls made by Mr A where he again didn't call the fraud department and asked a member of Lloyds general staff to resolve the issue and then call him back. This doesn't seem reasonable to me, and I feel that Mr A could and reasonably should have called Lloyds' fraud department, as he had done in the first instance, and that if he had done that this matter would likely have been resolved much sooner. And the fact that Lloyds required Mr A to speak with their fraud department was reiterated to Mr A by Lloyds in their response to his complaint.

I also note from Mr A's correspondence with this service that he was waiting for, and expecting, Lloyds' fraud department to reach out and contact him for several weeks, and that Mr A is seeking a larger payment from Lloyds in resolution to this complaint because Lloyds didn't contact him as he was expecting for several weeks. Again, I find Mr A's position to be unreasonable here, and this is because I feel that it remains the case that Mr A could and reasonably should have expedited matters and mitigated against his growing frustration here by contacting Lloyds' fraud department himself – as he was aware he needed to.

All of which isn't to say that Mr A didn't receive poor service when he tried to contact Lloyds' fraud department in the first instance. But it is to say that I don't feel Lloyds should be considered solely responsible for the frustration and inconvenience that Mr A has incurred here, for the reasons explained above.

Ultimately, in consideration of what I've explained, Lloyds' offer of £500 compensation along with 8% interest on Mr A's account balance during the time his account was restricted doesn't feel unfair to me. And so, while I will be upholding this complaint in Mr A's favour, I'll only be doing so on the basis that Lloyds must make the £500 payment and credit the 8% interest to Mr A's account as they've already agreed to do.

Both Mr A and Lloyds responded to my provisional decision and confirmed that they were happy to accept it. As such, I see no reason not to issue a final decision here upholding this complaint in Mr A's favour on the basis described above. And I therefore confirm that my final decision is that I do uphold this complaint in Mr A's favour on that basis.

Putting things right

Lloyds must make a payment of £500 to Mr A.

Lloyds must also pay 8% interest on Mr A's account balance from when the transaction in question was blocked to 8 February 2025, when Lloyds called Mr A about this matter.

My final decision

My Final decision is that I uphold this complaint against Lloyds Bank PLC on the basis explained above.

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

Paul Cooper
Ombudsman