

## **The complaint**

Mr S complains on behalf of Mrs J about the service received from Lloyds Bank PLC (“Lloyds”) when her online banking was suspended following a number of large transfers from her account. In particular, they are unhappy that this occurred despite notifying Lloyds about the transactions in advance.

## **What happened**

Mrs J holds an account with Lloyds. Following Mrs J’s husband’s death a few years ago Mr S – Mrs J’s son-in-law - had been assisting Mrs J with her financial affairs. Mr S holds a power of attorney for Mrs J, but this had never been registered with Lloyds.

In late November 2023 Mrs J made several large transfers from her account over a short period of time and due to security concerns Lloyds suspended Mrs J’s online banking on 30 November. Mrs J was still able to access and withdraw her money using her debit card and receive credits into her account, as well pay direct debits.

Mrs J - with the assistance of Mr S - got in contact with Lloyds regarding this on 5 December 2023 after logging into her online banking and finding she was unable to use her account.

Aided by Mr S, Mrs J was able to successfully answer the general security questions but due to the amount of the transactions Mrs J made Lloyds security team had some concerns and requested that Mrs J attend a branch so additional identification checks could be completed. But due to the distance to Lloyds nearest branch it was suggested that a branch visit could be bypassed if Mrs J submitted a photo to Lloyds with her passport, but it was explained if this wasn’t accepted Mrs J would still need to visit a branch.

Mrs J submitted a photograph and passport with the assistance of Mr S. However, despite this Mrs J was informed she would still need to attend a branch for additional checks as Lloyds security team still wanted to speak to her face to face to ensure she wasn’t being coerced or scammed into making the payments or duped into having an unauthorised person take over her finances. It had also noticed Mrs J’s email address and telephone number were registered to a company which was unusual for a personal account. Mr S raised a complaint on behalf of Mrs J with Lloyds about the matter.

Further calls were made on 7 and 8 December to try and resolve the issue but Lloyds maintained Mrs J would need to visit a branch for the suspension to be lifted. So Mrs J made the decision to close her Lloyds account and move her banking elsewhere but unfortunately she wasn’t able to transfer the funds out of her accounts due to the account suspension.

On 11 December Lloyds confirmed that a power of attorney (POA) could be registered against Mrs J’s account over the phone for Mr S which would enable the suspension to be lifted.

On the same day Lloyds sent a final response letter to Mr S’s complaint raised on behalf of Mrs J. Unfortunately, in this Lloyds referred to Mrs J’s first name incorrectly. It explained the reasons Mrs J’s banking access had been suspended and said no error had been made.

The POA was registered on 12 December with Lloyds after which Mr S made a number of calls to Lloyds and the online suspension was lifted from Mrs J's account allowing her to move her accounts to another provider.

On 16 December Mr S raised an additional complaint with Lloyds regarding all this. Being unhappy with Lloyds' response Mrs J contacted this service on 8 January 2024. Mrs J wants to be compensated £10,000 for the distress and inconvenience she suffered as a result of Lloyds actions.

Following this Lloyds sent a further final response on 30 January. It offered £300 compensation by way of apology for its mistake referring to Mrs J by an incorrect first name in its letter and not giving her the alternative of registering a POA sooner, but it didn't agree it had made an error requesting Mrs J visit a branch as it had followed its correct procedures when doing so.

Mr S was dissatisfied with this and sent a further letter to Lloyds detailing his concerns and rejecting its offer on 7 February.

One of our investigator's looked into Mr S's concerns but didn't think that Lloyds had made a mistake when it took additional security measures that it thought was necessary as it has a duty to safeguard its customer's accounts and it was entitled to do this under the terms and conditions of the account.

Furthermore, they didn't believe notifying Lloyds in advance regarding the payments Mrs J wished to make would've prevented the security checks as its Lloyds system that flagged these as part of its processes and in any case this service doesn't have the power to change a banks internal security process or procedure.

They did agree that Lloyds should've provided the alternative of registering a POA sooner and that it had incorrectly addressed its final response letter. But as Mrs J's name had been updated now and they hadn't been made aware of any financial detriment they thought the £300 compensation offered was fair and didn't think Lloyds needed to do anything more.

Mr S disagreed, he believes different internal factions in a business should be able to coordinate actions for the benefit of their customers and the fact that Lloyds had been notified of the imminent transfer of large amounts of monies prior to the transactions taking place should've prevented the security check. Mr S has asked for an ombudsman's 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 hope that Mr S won't take it as a discourtesy that I've condensed his and Mrs J's complaint in the way that I have. It is very clear to me the strength of their feelings about the matter and I don't want them to think that I've trivialised the experience he and Mrs J have had.

Firstly, I have to be clear that I can't look at the impact Lloyds' actions have had on Mr S personally or at any complaint points Mr S has raised that don't relate to Mrs J's account. As our investigator has already explained, this is because I can only look at how Lloyds' actions have affected the account holder - Mrs J – as she is the eligible complainant.

So although I accept Mr S may have been inconvenienced and distressed by Lloyds' actions regarding Mrs J's account with it, I can't look at compensating him personally for this if I

found that Lloyds had done something wrong. Furthermore, it should also be noted Mr S was only registered against Mrs J's accounts with Lloyds as her attorney following her online banking being suspended and so for the period before this again, as Mrs J is the account holder, I can't consider how Lloyds' actions have affected Mr S personally as he isn't the eligible complainant – though I do appreciate the considerable amount of time he has spent in trying to assist Mrs J with her financial affairs.

I should also explain that as we are not the regulator, I don't have the power to tell Lloyds how it needs to run its business and I can't make Lloyds change its systems or processes – such as how or when security checks are made or restrictions applied to an account for fraud prevention. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it is unreasonable for Lloyds to have processes and tools in place for protecting its customers when activity on an account is flagged for a security check. In this case due to the activity on the account and what were very large transfers and Mrs J's statements show would effectively empty the account, Lloyds suspended Mrs J's online banking until it could verify Mrs J was acting on her own authority and that the transfers were legitimate.

I appreciate Mr S had already notified Lloyds on Mrs J's behalf about the intended transactions from her account over the phone, but this doesn't mean that Lloyds can forgo any of the processes it has in place to check the security on individual transactions or Mrs J's account when it deems this necessary.

I accept the transactions from Mrs J's perspective were legitimate, but Lloyds didn't have this insight and Mrs J hadn't yet given the requisite authority for Mr S to assist Mrs J with her finances and her accounts with Lloyds, so I don't think it unreasonable that it wishes to satisfy itself of this by having Mrs J – a potentially vulnerable customer - visit a branch so it can speak to her face to face and independently of anyone that may have the power to influence her.

I also accept that conflicting advice was provided in that rather than attend branch it was suggested Mrs J could submit a photo with her passport. But again, I don't think it unreasonable given the circumstances where Mrs J was being aided by Mr S to answer questions that it decided a branch visit was still necessary.

I appreciate a branch visit would've been difficult for Mrs J due to the health issues she has. But Lloyds has explained that it would need explicit consent from Mrs J to add any health issues she may have had to its system and that prior to Mr S being registered as Mrs J's attorney it hadn't received Mrs J's explicit consent to record support issues Mrs J may have and as such no reasonable adjustments had been recorded for her.

Ultimately, Lloyds haven't made an error here. I sympathise with Mr S and Mrs J as they have been both distressed and inconvenienced by this, this is evidenced in the many calls – around 22 - made to Lloyds in trying to sort this matter out. But I'm sure Mrs J and Mr S will appreciate Lloyds was carrying out its duty in safeguarding its customers affairs so despite the calls Lloyds was unable to lift the suspension without its processes being followed.

That's not to say I think Lloyd did everything right. I'm in agreement the matter could've been resolved sooner than it was if Lloyds had suggested Mrs J register her POA appointing Mr S with it sooner than it did and that it made an administrative error in the recording of Mrs J's first name.

But I haven't seen enough to persuade me that Mrs J has suffered financially because of this

or that the distress she suffered from this warrants compensation above the £300 that has already been offered. Mrs J was still able to access her funds and the suspension of her online banking was for a relatively short period of time (30 November to 12 December) and our role isn't to punish or penalise business for their actions.

And so it follows that as I haven't seen any direct financial loss or detriment to Mrs J and the restrictions have been lifted and Mrs J has been able to move her account to another provider I think the offer of £300 compensation is fair and I don't think there is anything more Lloyds needs to do here.

Mrs J should now let Lloyds know whether she wishes to accept its offer.

### **My final decision**

For the reasons I've explained, I've decided that the compensation offered of £300 to Mrs J is a fair way to settle Mrs J's complaint and I'm not going to ask Lloyds Bank PLC to do anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 3 October 2024.

Caroline Davies  
**Ombudsman**