

## **The complaint**

Mr S complains about the service provided by Lloyds Bank PLC ('Lloyds') in relation to declined Automatic Teller Machine ('ATM') transactions.

## **What happened**

An unknown person attempted nine ATM withdrawals on Mr S' account late at night – all of which Lloyds declined.

The next day, Mr S noticed unusual activity on his account. He saw that funds appeared to have been moved out of his account and straight back in again – but he didn't recognise the transactions. He contacted Lloyds to report this. As a result, Lloyds cancelled Mr S' debit card and ordered a new one for him, along with a new Personal Identification Number ('PIN'). Lloyds told Mr S that he would need to go into a Lloyds' branch if he wanted to withdraw cash while he was waiting for his new debit card to arrive.

When Mr S complained about the inconvenience of having to visit his local branch, Lloyds explained it had blocked the attempted withdrawals as it had reason to believe a third party was trying to access Mr S' account. And it had cancelled Mr S' debit card, issued him a new card and PIN and asked him to go to his local branch with identity documents, in order to ensure his account was secure.

But Lloyds partly upheld the complaint. Lloyds said it was sorry that Mr S had felt inconvenienced by being asked to visit his local branch to access his money. Lloyds paid Mr S £20 compensation for this. In addition, Lloyds acknowledged that when speaking to Mr S over the phone, it had incorrectly told him that the declined transactions were due to a network error affecting cash machines. Lloyds paid Mr S a further £20 by way of apology for this misinformation.

Mr S brought his complaint to us. Although no money left his account when these transactions were declined, he said the amounts involved exceeded the daily cash point withdrawal limit. He was concerned that what happened hadn't triggered any security alert and he hadn't been contacted by Lloyds. Mr S was worried this could happen again and he could lose money.

Our investigator felt that Lloyds had paid Mr S fair compensation in respect of its shortcomings in service and, overall, its actions had been fair and reasonable in the circumstances.

The 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.

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

It might have looked to Mr S as if the attempted transactions resulted in money leaving his account and straightaway being returned to the account. But this is simply how Lloyds reflected the attempted transactions in its records - no money ever left the account as a result of these attempted transactions. So there were no withdrawals that exceeded the daily limit. I hope this helps put Mr S' mind at rest on this point.

Lloyds explained it placed a high security alert on Mr S' account when it identified a risk that the person attempting ATM transactions might not be Mr S. This is why the transactions were declined. Hopefully, this goes some way towards reassuring Mr S that Lloyds has appropriate checks in place to help keep his money safe and activated them when required.

Mr S is concerned that Lloyds didn't try to contact him when the transactions were attempted. But that wasn't part of Lloyds' security process in this situation. How businesses choose to operate and the services they offer are matters that come under the oversight of the regulator - the Financial Conduct Authority (FCA). For this reason, I won't be commenting further on this – except to mention that it's not unusual for banks to wait for the customer to make contact in this situation. One reason for this is that a bank attempting to contact its customer in this situation could potentially alert a fraudster and expose the account to more risk.

In these circumstances, I'd expect Lloyds to take all reasonable precautions to protect Mr S' account. Banks are required to comply with regulatory requirements and put in place measures to protect customers' money. So it was fair and reasonable that Lloyds cancelled Mr S debit card and changed his PIN for the account. Its terms and conditions allow it to do this and this is a standard precaution operated by all banks.

Nonetheless, Lloyds has acknowledged that what happened resulted in some inconvenience to Mr S, especially as it meant he had to take identity documents to a branch if he wanted to get cash out of his account before his new card and PIN arrived.

Lloyds also accepts it didn't initially make Mr S aware of the correct reason why the transactions had been declined, but should have done so. I can see why this left Mr S worried that Lloyds' didn't have adequate security checks in place – even though in fact, Lloyds had taken appropriate steps to block the payments out of his account.

So, I think it's fair for Lloyds to compensate Mr S as its actions did cause Mr S some inconvenience and unnecessary alarm. The amount of £40 it has already paid in total seems fair to me to reflect the extent and impact on Mr S of Lloyds' admitted service failings.

In conclusion, as I'm satisfied Lloyds dealt with Mr S' complaint fairly, I'm not telling it to take any further action.

### **My final decision**

Your text here

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 31 July 2024.

Susan Webb

**Ombudsman**