

The complaint

Ms W complains about the service she received from Lloyds Bank PLC (“Lloyds”). In particular, she is unhappy that a regular large donation she makes to charity annually got flagged for an additional security check.

What happened

Ms W wished to make a large annual payment to charity and transferred £30,000 to her account held with Lloyds from another provider on 9 August 2024. Ms W phoned Lloyds the same day and successfully transferred to £5,000 to charity. Ms W then phoned again soon after requesting the balance of £25,000 to be taken from her debit card.

Lloyds system flagged the £25,000 payment for an extra security check, applied restrictions to her account and asked Ms W contact its fraud department. Ms W called Lloyds on 12 August and spoke with a representative of its fraud department and after answering some questions about transactions on her account and confirming personal details the account restrictions were removed. Ms W was provided with instructions on how to proceed with her payment and Ms W successfully completed the debit card transaction for the remaining £25,000 to her charity of choice.

Ms W says she makes these payments annually and doesn’t understand why Lloyds systems don’t recognise this and believes the additional security checks to be unreasonable in the circumstances and had to spend 45 minutes on the phone unnecessarily. Ms W says that she had no problem sending the money from Lloyds local branch but now this is closed its difficult to travel to the alternative branch to make the payment and that she’d ring customer services, but the maximum payment allowed is £10,000.

Ms W complained to Lloyds about all of this, the potential loss of interest for her and the charity, the closure of its branches and asked Lloyds return her letter of complaint and to provide her with a disclaimer on potential fraudulent transactions in the future and apologise to the charity in question.

Lloyds didn’t agree that it had made an error in flagging the payments for additional security checks as it needed to speak to Ms W to confirm if it was genuine and its systems had worked as they were meant to. It says it does try to alert all customers in these circumstances and allow them a self-serve option by replying to its automated call or SMS to complete the check but that some blocks applied are higher than others - as in this case - which meant it needed Ms W to contact Lloyds to confirm if the payments were genuine.

Lloyds said it would continue to do this in the future and as with all its customers Ms W wouldn’t be able to bypass its fraud prevention measures. Lloyds said following a review it made the decision to reduce its branch network and invited Ms W to consider its digital banking options and that its doesn’t return complaint correspondence as the customer is knows what their complaint is about.

Ms W was dissatisfied with this and brought her complaint to this service.

One of our investigators looked into Ms W's concerns but didn't think Lloyds had treated Ms W unfairly or made an error when carrying out its fraud checks as it has a duty of care to safeguard its customers money and given the value of the transaction it was within its rights to ask additional questions it deemed necessary and was in-line with its terms and conditions. Despite Ms W making these types of payments in the past they didn't think Lloyds was unreasonable flagging this payment as past payments aren't a guarantee of success in the future and the outcome of each transaction will depend in the individual circumstances. And as Lloyds hadn't made an error they didn't think a letter of apology to the charity or compensatory interest was warranted.

Furthermore, as returning complaint letters doesn't form part of Lloyds usual processes and complaint handling isn't a regulated activity, they explained this wouldn't be a matter this service could investigate but forwarded Ms W's letter of complaint as requested.

Ms W disagreed. She sends large gifts every year to charity and thinks it is totally unreasonable to flag a regular transfer and that there is no excuse for not understanding how her account operates. She says the charity has been deprived of interest and wants detailed reasons why her account was flagged and has asked for an ombudsman's decision on the matter.

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.

My role is to look at problems that Ms W has experienced and see if Lloyds has made a mistake or done something wrong. If it has, we seek to put - if possible - her back in the position she would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

It might be helpful for me to say here that, 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 fraud prevention checks are deemed necessary regarding payments going out of an account, the different amounts and ways it allows payments to be made or when to open or close a branch. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Lloyds needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place – in this case carrying out checks on outgoing payments that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Ms W understands this is needed not only to protect businesses against criminal activity, but also their customers.

I appreciate Ms W doesn't understand why when she makes these payments regularly to the same charity Lloyds systems don't pick this up or that she can't sign a disclaimer for this going forward. But recipients of payments can change in form and identity, and so I don't think it's unreasonable for each transaction to be assessed individually as and when they happen. And as I stated above, it's not for me to say what systems or processes Lloyds needs to have in place to meet any regulatory requirements. And nor do I know what type of transaction will trigger a security check – indeed, if this information was released it could assist criminals in circumventing its security processes.

All I can decide is whether Lloyds treated Ms W fairly when carrying out the checks it

deemed necessary and I think in this case - given the not insignificant amount of the payment Ms W wished to make - it did. Ms W doesn't think this sort of blanket policy of questioning all payments above a certain amount is necessary especially as she has made these payments before. I accept this is an inconvenience for Ms W – especially when she is trying to carry out a generous and selfless act - but I don't think it would be fair or practical to expect Lloyds staff to go through Ms W's statements to see what has happened before or be expected to remember this. So I don't think it is unreasonable that it follows the same procedure for payments that trigger these checks – this also ensures that it is treating all its customers equally.

I appreciate Ms W has been both distressed and inconvenienced by this, but the actions Lloyds took is in-line with its regulatory obligations and ultimately, it took this action to protect Ms W's interests, so I don't think Lloyds have acted unreasonably or treated Ms W unfairly here. Furthermore, I appreciate Ms W believes she and the charity have lost out of interest due to these checks but as Lloyds hasn't made a mistake and the charity isn't Lloyds customer – Ms W is - I'm unable to consider compensation for this.

Ms W is also frustrated with the closure of her local branch and the suggestion by Lloyds that she move to digital banking as she doesn't have a mobile phone or computer. I appreciate this is most unsatisfactory for Ms W, but ultimately whatever Lloyds reasons are – providing Ms W is reasonably able to access information on her account and transact – in this case over the phone - however Lloyds chooses to provide its banking services are commercial decisions it's entitled to take.

Finally, I understand Ms W wants Lloyds to return her letter of complaint. My understanding is our investigator has already provided this and so I don't think there is anything more to do here and so it follows that I don't uphold this complaint.

My final decision

For the reasons I've explained, I've decided not to uphold Ms W's complaint against Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 9 January 2025.

Caroline Davies
Ombudsman