

The complaint

Mr E complains that Lloyds Bank PLC blocked his transaction and then didn't provide the service it should have when he questioned this.

What happened

On 3 July 2024, Mr E attempted an online purchase using his Lloyds Bank debit card but at the payment point he received a message saying that he would receive a security code – which he said he didn't – or to call the given number. Mr E called the number but said he didn't receive the assistance he should have. He spoke to two different Lloyds Bank agents, but the issue wasn't resolved, and he says the process took a long time and was stressful physically and mentally. He asked why his payment was blocked but says he wasn't provided with an answer. Mr E said the payment was for a modest amount (£43.90) and to a supplier he had purchased from before and he wants to understand why this payment was blocked and how to prevent it happening again.

Lloyds Bank responded to Mr E's complaint. It said it listened to the call with Mr E about not receiving the security code and agreed that it should have done more to assist him at that time. Because of this it paid him £40 compensation. Lloyds Bank explained that there can be a range of reasons why a security code isn't received. It checked Mr E's details and said that there hadn't been any issues with the number it held for Mr E and so it thought it possible there was a connection issue. It said that it was unable to remove a block from an account without speaking to the customer.

Mr E responded to Lloyds Bank saying he still hadn't been told why his payment was blocked and that speaking with its agents didn't resolve his issues.

Lloyds Bank provided a further response to Mr E explaining that it may stop transactions from time to time if they have been flagged for further security checks. This will then involve a conversation with its fraud team to ensure the transaction is genuine. It accepted this can be frustrating but said it was part of its security process and it couldn't guarantee this wouldn't happen again.

Mr E wasn't satisfied with Lloyds Bank's response and referred his complaint to this service.

Our investigator said that Lloyds Bank had confirmed that it didn't have a verified mobile phone number for Mr E and that the security code was sent to his landline. As Lloyds Bank didn't receive the code the payment was flagged in line with its security systems. Our investigator didn't think that Lloyds Bank had done anything wrong in this process.

Our investigator noted Mr E's comment that he had contacted Lloyds Bank three times before writing to it. He said that Lloyds Bank had been unable to locate call recordings of conversations between Mr E and its fraud department, but its system notes showed Mr E spoke with the complaints department which offered to transfer Mr E to the department that could deal with removing the block, but Mr E didn't wish to proceed with the call. Our investigator said that while it was unclear when the block was removed he was satisfied this had happened.

Our investigator understood Mr E's wish to have assurances that this issue wouldn't happen again but explained that we can't ask Lloyds Bank to change the way it operates regarding its fraud process. As he didn't find that Lloyds Bank had made any errors in this process, he didn't require it to do anything further in response to this complaint.

Mr E responded to our investigator's view. He said that his basic question as to why his payment was stopped still hadn't been answered. He said he was unaware of the security code being sent even though he was near his phone at the time and that he had no connection issues. He said that he didn't consider the call with Lloyds Bank, a positive call which was why he didn't want the call to proceed. Mr E attempted a further payment to the same company in November 2024 and said this was blocked again. Mr E feels that Lloyds Bank isn't being transparent about what the issue is with his payments and hasn't provided the service it should have when he has made contact.

Our investigator contacted Lloyds Bank about Mr E's payment being blocked again in November 2024. He said Lloyds Bank had provided evidence that the transaction needed strong customer authentication and that an attempt to call Mr E was made. It said that the contact details Lloyds bank held were correct. Our investigator didn't find that Lloyds Bank had done anything wrong but noted the recurring issue Mr E was experiencing and said that Lloyds Bank had suggested providing Mr E with a security token which was an alternative method to approve online purchases.

Mr E said he would prefer to use the normal telephone system rather than a security token and still wanted to understand why his transactions were being flagged. He asked for his complaint to be reviewed by an ombudsman.

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 do not underestimate how frustrating Mr E has found his experience with Lloyds Bank blocking his transactions and I note his comment about the size and nature of these. I am also sorry to hear of the impact the stress of dealing with this issue has had on him. But for me to uphold this complaint I would need to be satisfied that Lloyds Bank had done something wrong or treated Mr E unfairly in some way and, if so, not taken reasonable action to remedy this.

Mr E attempted a transaction on 3 July 2024. Lloyds Bank has said this payment wasn't successful as the strong customer authentication failed and a block was placed on Mr E's account. While I appreciate that this was frustrating for Mr E, banks are required to have security systems in place to protect their customers. It isn't my role to decide how a bank implements its security processes but rather to consider whether the process has been applied fairly and whether the bank has provided the support it should have when issues arise. In this case, Mr E's transaction was flagged as needing strong customer authentication. This is part of Lloyds Bank's security process and I do not find I can say that it did anything wrong by following its usual process when the transaction was flagged.

The strong customer authentication involves a security code being sent. As Mr E doesn't have a mobile phone the code was sent to his landline. I have checked the telephone number Lloyds Bank holds and this is the same as Mr E provided to this service. Lloyds Bank has also shown that a call was made. I cannot say why Mr E didn't receive the security code but based on what I have seen, I accept that Lloyds Bank followed its usual process in this case. As Mr E didn't receive the security code the transaction timed out.

Mr E called Lloyds Bank to ask why his payment was being blocked. I have listened to a call on 3 July 2024 on which the agent says they can't see any issue on Mr E's card, and they will transfer Mr E to someone who can help. Unfortunately, I do not have any further call recordings. Mr E has said he made three calls before writing to Lloyds Bank and I can understand that this will have been inconvenient and upsetting for him. But I also note that Lloyds Bank did try to assist by offering to transfer Mr E's call. That said, Lloyds Bank accepted in its final response letter that it could have provided Mr E with better service and supported him while the payment was made. I agree with this and find that the £40 compensation paid is a fair response to this issue.

I understand that Mr E wants a reason why his transaction was blocked but as Lloyds Bank has explained the transaction was flagged by its security system for strong customer authentication, I find that a reason has been provided. I wouldn't expect Lloyds Bank to provide any further details of its security systems.

After our investigator issued his view, Mr E experienced the same issue attempting payment to the supplier he had experienced an issue with in July 2024. This was raised with Lloyds Bank, and it explained that again the transaction needed strong customer authentication and as this didn't happen the transaction was unsuccessful. Again, the issue appears to be that Mr E didn't receive the code and therefore provide this in time for the transaction to be completed. Due to the issue Mr E is experiencing, Lloyds Bank explained the option of providing a security token and said that Mr E could discuss this with its customer contact team to see if this would be suitable. While I understand Mr E doesn't want this and instead feels the standard process should work, given the issue he has experienced I find this a reasonable option to consider.

I understand why Mr E feels he hasn't received the service he should have and that he wants reassurance that he won't experience the same issue again. But, in this case, I find that Lloyds Bank hasn't done anything wrong by following its usual security process when the transactions have been flagged and I accept that it can't say that future transactions won't be identified by its systems. I also think that the compensation Lloyds Bank paid is fair. Therefore, I do not find that I require it to do anything further in response to this complaint.

My final decision

My final decision is that I do not require Lloyds Bank PLC to do anything further in response to this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 16 January 2025.

Jane Archer
Ombudsman