

## The complaint

Mr D complains that Lloyds Bank PLC, blocked and then closed his account. He's also unhappy that Lloyds didn't tell him it intended to log information about him with CIFAS, the UK's fraud alert service. And didn't tell him about payments which debited his account after it had closed his account. Mr D also complains about how Lloyds handled things.

## What happened

Mr D had an account with Lloyds. In May 2019, £500 was paid into Mr D's account. Mr D withdrew the funds the same day at a cash machine.

Lloyds later received notification from another bank that the money had been obtained fraudulently and paid into Mr D's account. Lloyds reviewed Mr D's account and blocked the account whilst it carried out the review. Mr D says the block to his account caused him a great deal of inconvenience as he was unable to pay for everyday expenses.

Following its review Lloyds decided to close Mr D's account and gave him 60 days' notice. Mr D withdrew his balance on 31 July 2019. After it had closed several transactions that Mr D had made prior to closure, debited his account. Lloyds asked Mr D to repay the debt. Mr D says Lloyds never explained to him how he came to owe the bank money *after* his account had been closed, which he found upsetting and stressful. Mr D says Lloyds didn't explain things to him until after he repaid the money in November 2019.

Mr D told Lloyds that the £500 had paid into his account by someone who was repaying money he'd lent to them. He gave evidence to support what he'd said which included text and social media messages between him and the person who'd paid the money into his account. Mr D maintained that he hadn't known the money was fraudulent. Lloyds said it had intended to apply a CIFAS marker against Mr D's name. Mr D says Lloyds should have told him about its intention to load him to CIFAS. And it's not fair that banks should be able to record information with CIFAS without telling people.

Mr D also says Lloyd didn't respond to complaints he made in July and August 2019 about what had happened with his account. Mr D says this all caused him a great deal of distress and inconvenience. He's said he had to take days off work to try and sort things out with the bank. He wants Lloyds to pay him £500 compensation.

Lloyds said it hadn't done anything wrong when it blocked and closed Mr D's account. It also said it had explained to Mr D about the money he owed long before November 2019. And had dealt with his complaint properly. Mr D disagreed. So, he brought his complaint to our service where one of our investigator's looked into things for him.

The investigator didn't think Lloyds had treated Mr D unfairly. Her said Lloyds weren't obliged to tell Mr D about the CIFAS marker and hadn't done anything wrong when it blocked and closed his account. He also said Mr D hadn't disputed making the transactions that had debited his account after it had closed. And that Lloyds had clearly explained to him why he'd owed the money. He also said Lloyds had addressed his complaint and issued a

final response letter to him in October 2019. Mr D disagreed. He says Lloyds treated him unfairly, so he wants compensation

As no agreement could be reached the matter has come to me to decide.

### **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'll deal first of all with Lloyds' decision to block Mr D's account. All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. Banks are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to review and sometimes block customers' accounts.

Lloyds blocked Mr D's access to his account while it investigated the concerns expressed to it by the other bank. Having looked at all the available information I don't believe it was unreasonable in the circumstances for Lloyds to have acted in the way it did. Lloyds explained that this was its standard procedure and it's in line with what most banks would do in the same situation. It enabled Lloyds to consider how best to react to the report it had received. The terms and conditions of Mr D's accounts also permit Lloyds' to review an account. Lloyds was also within its rights to close Mr D's account and did so in line with the account terms and relevant regulations. So, I can't say it has treated Mr D unfairly.

Mr D says he doesn't understand how transactions were made on his account after it had closed. And that Lloyds didn't explain anything to him about how he came to owe the bank money. I've looked at Mr D's bank statements and can see that Mr D made several transactions between 21 and 23 July 2019 totalling £47.33, which put Mr D's account overdrawn because Mr D had withdrawn his remaining balance on 31 July 2019. Mr D doesn't dispute making these transactions. So, the bank didn't do anything wrong when it asked him to repay the debt – this was money he owed the bank.

I can understand why Mr D may have been confused that transactions were still debiting his account after it had been closed by Lloyds. But at the time Mr D's account closed the transactions were still pending and didn't debit Mr D's account until 7 August 2019, so after it had closed. From looking at the banks contact notes, I can see that Lloyds explained this to Mr D in phone calls on 18 and 30 September 2019. And on 5 October 2019. So, I don't agree he wasn't made aware why he owed the bank money until November 2019. I'm satisfied that he knew much earlier. And that Lloyds explained how this had happened.

As Mr D had received fraudulent funds into his account, Lloyds initially intended to record information about Mr D with CIFAS. Mr D says Lloyds should have told him about its intentions. But as the investigator has explained, Lloyds wasn't obliged to notify Mr D if it recorded information about him with CIFAS. So, I can't say Lloyds have done anything wrong by not informing Mr D of its intentions.

Finally, Mr D is unhappy about the way Lloyds handled his complaint. I appreciate Mr D feels that Lloyds weren't listening to him and should have wrote to him each time he raised a complaint point, but our service only has the power to consider a complaint if it falls within certain criteria set out in our case-handling rules. These can be found in the Dispute Resolution (DISP) section of the Financial Conduct Authority Handbook. And complaint handling isn't a regulated or other covered activity. So, I can't look into this further. In summary, I appreciate that it was inconvenient and upsetting for Mr D when Lloyds blocked and closed his account. So, I realise he will be disappointed by my decision. But it

wouldn't be appropriate to make an award of compensation for that, since I don't believe Lloyds acted inappropriately.

**My final decision**

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 30 November 2020.

Sharon Kerrison  
**Ombudsman**