

The complaint

Mr G complains that Lloyds Bank PLC blocked his account and made him come into branch before the block was removed. He's also unhappy with the way he was treated when he was in branch.

What happened

Mr G tried to make a payment of £4,000 to pay for some building work he was having done on his house. But Lloyds stopped the payment and applied a block to Mr G's account, as it was concerned he may have been the victim of fraud.

When Mr G called to ask for the block to be removed and his payment to be put through, he was told he needed to go into his local branch and discuss it with them before the block could be removed. Mr G told Lloyds that he was vulnerable and disabled and so it was very difficult for him to go into branch, but Lloyds still said he needed to go in.

Mr G went into branch and explained why he was making the payment, but Lloyds still had concerns. Mr G was in branch for a number of hours and was ultimately asked to come in again the following day, when the branch arranged for the police to speak to him about the payment too. After the police spoke with him, the block was removed.

Mr G complained as he didn't think Lloyds had any reason to block his account. He also complained about the amount of time he had to spend sorting the matter out – both in branch and on the phone – and that he had to talk about what he felt were his private matters. And he said the branch manager had been anti-Semitic and homophobic towards him.

Lloyds investigated but said it had stopped the payment and applied the block to try to protect Mr G from possible fraud. It also denied its staff had been abusive to Mr G and said they had treated him with respect and care, but offered him £40 plus phone costs for the inconvenience he'd been caused. Mr G wasn't satisfied with Lloyds's response, so referred his complaint to our service.

One of our investigators looked at Mr G's complaint. They felt Lloyds had acted reasonably in blocking Mr G's account and asking him to come into branch, but that he wasn't treated fairly when he was in branch. And they recommended that Lloyds pay Mr G £300 compensation for the distress and inconvenience he was caused as a result. Mr G disagreed with our investigator, so the complaint has been passed to me.

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.

Mr G has several other complaints against Lloyds, and has mentioned a number of different issues when discussing this case. But, to be clear, my decision on this complaint will only be

looking at Lloyds' actions in blocking his account, asking him to come into branch and then how he was treated while in branch.

Blocking Mr G's account

Lloyds has a responsibility to monitor its customer's accounts and any payments made or received, in order to counter various risks – including anti-money laundering, countering the financing of terrorism and preventing fraud and scams. It's also expected to have systems in place to look out for unusual transactions, or other signs that its customers are at risk of fraud.

I appreciate that Mr G doesn't think that the payment of £4,000 he was trying to make to pay for building work was unusual or that he was at risk of falling victim to a scam. But, given the responsibilities mentioned above and the size of the payment, I don't think it's unreasonable that Lloyds thought there could be a risk of a scam here. And so I don't think it's unreasonable that Lloyds stopped the payment and blocked Mr S's account until it could speak to him about the payment.

Asking Mr G to come into branch

Once a bank has identified that one of its customers could be at risk of falling victim to a scam, it will then usually ask the customer further questions about the payment in order to clarify what is going on. These questions will sometimes be asked over the phone, or sometimes the bank will ask the customer to come in to branch to have a face-to-face conversation about the payment.

Mr G called Lloyds after the payment was stopped, spoke to Lloyds' fraud team and was asked further questions about the payment. But, given some of the information Mr G gave the fraud team about the circumstances surrounding the payment, I don't think it's unreasonable that Lloyds still had some concerns.

A face-to-face conversation can make it easier to explain risks to a customer or to understand their circumstances better. And it can be particularly useful if a bank is worried a customer is being coached or pressured about a payment in any way. So I think it's reasonable that Lloyds thought this would be useful in these circumstances.

Mr G told Lloyds he was vulnerable and disabled and so it would be difficult for him to go into branch. But he also told them several times that he regularly went into his local branch and was well-known there. So I think it's reasonable that Lloyds thought going into branch wouldn't be a significant inconvenience for him, and so still asked him to go in.

How Mr G was treated in branch

When Mr G went into branch, he spoke to several members of staff and the branch manager about the payment he was trying to make. But he was in branch for a number of hours and it's not clear why these conversations took so long. And, from what Mr G has said to us and the conversations he later had with Lloyds over the phone, it's clear he was upset he had to talk about what he felt were private matters, and didn't fully understand what was going on or why he was in the branch so long. So I think it's likely Lloyds didn't explain the situation clearly enough to him when he was in branch – and that this meant the meeting went on longer than it needed to and caused Mr G considerable distress.

Having listened to the phone calls Mr G had with Lloyds while this was going on, I also think Lloyds failed to understand some of the information he was giving it and didn't listen clearly to the points he was trying to make. And that this also caused Mr G distress.

As Lloyds still had concerns about the payment, it wanted to arrange for the police to speak to Mr G. And while, for the same reasons as above, I think it was reasonable that Lloyds had these concerns, the length of time the conversations took in branch meant that Mr G had to come back in the following day to speak with the police. And I think having to come back the following day, rather than getting everything sorted on the same day, caused Mr G unnecessary inconvenience.

I don't think Lloyds was entirely at fault for the amount of time the conversations took as, at least on the phone, Mr G often starts talking about other, unrelated issues that happened at different times – and I think this will have added to the confusion. But I do think Lloyds failed to explain the situation clearly or fully understand some of the information Mr G was giving, and that this caused Mr G considerable distress.

Based on the evidence I've seen, I think Lloyds should pay Mr G £300 – as I think this amount would be fair and reasonable compensation for the distress and inconvenience it caused him.

Mr G has also raised that the branch manager was anti-Semitic and homophobic towards him. It's not for our service to decide if a business has breached the Equality Act 2010 or discriminated against someone – that is a matter for a court. Although I can take into account the Equality Act 2010 where it is relevant when considering whether a business has acted fairly and reasonably. I've seen detailed and consistent statements from members of the Lloyds branch staff which contradict what Mr G says happened, and say the branch manager wasn't abusive towards him. So, taking into account what Lloyds and Mr G have said, I don't think I can conclude on a balance of probabilities that a member of Lloyds staff was abusive towards Mr G or that being homosexual and Jewish played any part in the way he was treated. And so I don't think it would be fair to require Lloyds to pay any further compensation as a result.

My final decision

I uphold Mr G's complaint and require Lloyds Bank PLC to pay him £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 June 2022.

Alan Millward
Ombudsman