

## The complaint

Mr and Mrs D complain about the temporary block Lloyds Bank PLC ('Lloyds') placed on their joint bank accounts and the way Lloyds then handled the communications surrounding this.

## What happened

On 31 March 2021 Mr and Mrs D received money into one of the joint bank accounts they held with Lloyds. This was sent from a family member's account. The following day Lloyds placed a block on all Mr and Mrs D's accounts after they were notified of possible fraudulent activity on the family member's bank account. Mr and Mrs D realised there was a block when they received a notification on their mobile phones that said they couldn't use a digital version of their bank cards.

The same day Mr and Mrs D both called Lloyds around the same time to try to resolve the problem. They said they spent about three to four hours on the phone in total.

Mr and Mrs D ended up on the phone to Lloyds at the same time. The first Lloyds advisor they got through to ultimately advised Mrs D that their account would remain frozen and that they should contact their family member so he could let his bank know they were not involved in the potential fraud. In relation to Mr and Mrs D's need to access cash, the advisor said they would either need to visit branch to withdraw cash or choose a trusted family member to make a one-off transfer to.

The second advisor Mr D spoke to shortly afterwards managed to resolve things and remove the block. Mr and Mrs D found this advisor helpful.

On 9 April Lloyds wrote to Mr and Mrs D to confirm the block had been removed. The letter also stated that:

*'As part of our fraud prevention measures we'll ask you to close your accounts with us if your details are used in any further fraudulent activity. If that happens, you won't be able to open new ones with us.'*

Mr and Mrs D later complained about the lack of notification of the block and the letter they've received which they felt wrongly insinuated they were guilty of fraud. Mr and Mrs D were also unhappy with the service they received from the first advisor. They didn't think it was reasonable they were expected to take the action to resolve things given this was Lloyds's role. They also noted the options this advisor had given them in relation to accessing cash didn't suit their needs because it was late in the evening when they realised the block had been put in place and Mr D had to leave in the early hours of the morning.

In response to the complaint, Lloyds explained the block itself was unavoidable because it had to take action in line with its fraud prevention measures. However, it offered £50 compensation for the poor service they received from the first advisor in light of the fact the second advisor was able to assist. It explained that the options to remove money highlighted by the first advisor were the only options available at that time. It also said that the advisor had suggested contacting their family member as this might have sped things up.

Lloyds also awarded £18 to cover the costs of the calls Mr and Mrs D had to make. It explained the letter it had sent was generic and didn't uphold this part of their complaint but offered to note the feedback they had given about the way this had made them feel.

Mr and Mrs D remained unhappy and brought their complaint to our Service. They highlighted the stress and worry the account block had caused, including worries about feeding their family and being able to get to work. As a resolution to their complaint they wanted a written apology, as well as more compensation for: the calls; the one to two days of time they estimated they'd lost; the insinuation they were guilty of fraud; and the threat of account closure.

Our Investigator didn't feel Lloyds needed to do anything further. They said it was reasonable for the block to have been placed on the accounts given the concerns around fraudulent activity and they felt these had been removed within a reasonable timeframe. They said the compensation offered for the calls was fair. They agreed that with hindsight Lloyds shouldn't have sent a generic letter but noted it had offered reassurances that it would take greater care in future and they felt this was sufficient in the circumstances.

Mr and Mrs D didn't agree. They noted that had the first advisor acted appropriately the block would have been removed sooner. Mr and Mrs D still didn't think they had been sufficiently compensated for the 'damage, stress and upset' of the poorly worded letter. They felt neither Lloyds or our Investigator had accepted Lloyds had done anything wrong in relation to this letter, particularly as Lloyds only passed on feedback on this point after Mr and Mrs D complained.

After reviewing the evidence, I felt it was likely I'd reach a different outcome to the investigator. So, I shared my provisional findings with Lloyds and Mr and Mrs D so they had the opportunity to make any comments or provide further evidence. In brief, I said that there was no evidence the first advisor couldn't have removed the block but that the delay was minimal, so I wouldn't have directed Lloyds to offer the compensation it had. I didn't think it was reasonable for Lloyds to have sent the letter and I felt it should provide Mr and Mrs D with a written apology.

Lloyds accepted my provisional findings and confirmed it had paid the £68 compensation to Mr and Mrs D already. Mr and Mrs D didn't provide any further comments or evidence for me to consider.

I am now in a position to issue a final decision on this complaint.

### **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 decision won't address every point or comment made by both parties. It's evident Mr and Mrs D feel very strongly about this complaint so I'd like to be clear I mean no discourtesy by this, and I'd like to reassure all parties that I have considered all the comments and evidence they've provided to our service. But my decision will only address what I see to be relevant in reaching a fair and reasonable outcome to this complaint.

I'm satisfied the block on Mr and Mrs D's account, whilst inconvenient for them, was necessary in the circumstances whilst the banks involved investigated the suspected fraudulent activity. This means that whilst that Mr and Mrs D have explained they were stressed and upset by suddenly finding their account blocked and worrying about what they

would do for funds, I wouldn't award compensation for this as I don't think this was a result of any error on Lloyds's part.

I appreciate they're also unhappy that they weren't notified by Lloyds about the block. I have heard that Mr D asked the second advisor why he hadn't been notified of the block during the call that day. The advisor explained that Lloyds hadn't received the fraud report that long before Mr and Mrs D called, so it hadn't yet had time to send Mr and Mrs D the text message and letter it would usually send in these circumstances. Mr D then pointed out they'd been on the phone for about an hour trying to get through, so it's clear he felt this was long enough for Lloyds to have notified him. However, I'm not persuaded it's unreasonable that Lloyds needed some time to send out the communications about the account block – I don't think a couple of hours is an extensive or unfair delay. In saying this I'd note that where there is suspected fraud it isn't always appropriate for banks to notify the account holders involved. So, I don't think Lloyds did anything wrong here.

Moving to Mr and Mrs D's concerns about the first advisor. Lloyds hasn't suggested the second advisor had information that the first advisor did not. Given the calls overlapped and the fact Lloyds upheld this part of Mr and Mrs D's complaint, it would seem to me that the block could have been removed by the first advisor.

I've then thought about the impact of this. These calls happened around the same time, so I don't think there was much of a delay - the evidence suggests around 10 minutes. Whilst Mr and Mrs D have told us about their urgent need to access cash and the worry this caused, as outlined above, I cannot award for the worry caused by the block itself. And I think it's of relevance the first advisor wasn't told about their need to urgently access cash. Mr and Mrs D had also advised Lloyds they held another bank account with a different bank during these calls. So, it doesn't seem to me Lloyds ought to have been aware Mr and Mrs D would have issues accessing funds. Mr D was also then able to light heartedly joke with the second advisor about how he might have found work the next day difficult if the account hadn't been unblocked – Mr D sounded neither upset nor frustrated during this call.

Whilst the evidence indicates Lloyds made a mistake, I'm not persuaded the impact warrants compensation. I note that Lloyds offered to pay Mr and Mrs D £50 compensation for the distress and inconvenience caused by poor service as well as the £18 for call costs. This isn't a payment I would have directed it to make in the circumstances. However, Lloyds have confirmed this had been paid to Mr and Mrs D.

Mr and Mrs D's final concern is the letter they were sent after the block was removed. And I can see why receiving this letter was upsetting for them, given they'd done nothing wrong. Lloyds has agreed this was generic correspondence that didn't apply to their circumstances but despite this, it didn't uphold this part of their complaint as it said it had followed its processes. Whilst this may be the case, I don't think it was reasonable in these circumstances to send this letter to Mr and Mrs D. They'd suffered the inconvenience of a block to their account through no fault of their own, so they shouldn't have then been sent a letter saying their account might be closed if this happened to them again in the future. So, I do think Lloyds did something wrong, and I think part of Mr and Mrs D's continued upset here is that Lloyds has refused to admit this.

So, I've gone on to consider the impact of this. I can see Mr and Mrs D contacted Lloyds the day they received the letter and that they were immediately given assurances their accounts wouldn't be closed in the event of further fraud. So, I think the extent of the worry they experienced was limited. I've heard that Lloyds also apologised for the fact the letter didn't apply to their circumstances. The complaints team then agreed to pass on their feedback about this letter internally. So even though Lloyds didn't admit its mistake as clearly as it ought to have, I do think it took steps to put things right. I can see that since our Service's

involvement Lloyds has offered to send a formal apology letter to Mr and Mrs D about the tone of the letter and I think this is something it should do in these circumstances. I consider this to be a fair resolution to this issue given the upset caused here centres around Lloyds's refusal to confirm it has made a mistake.

### **My final decision**

For the reasons outlined above, I direct Lloyds Bank PLC to write a formal apology letter to Mr and Mrs D about the letter it sent following the removal of the block on their accounts.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D and Mrs D to accept or reject my decision before 23 August 2022.

Jade Cunningham  
**Ombudsman**