

## **The complaint**

Mr K complains that Lloyds Bank PLC blocked his debit card when he attempted to withdraw cash from his bank account.

## **What happened**

In June 2021, Mr K tried to withdraw £3,000 from a cash desk at a casino using his Lloyds' debit card but he wasn't able to access the money. Mr K says he had to borrow money from a friend so he could get a taxi to retrieve another card and some cash before returning to the casino.

About a week later, Mr K contacted Lloyds who told him that the card had been blocked because of a security check and arranged for the block to be removed.

Mr K complained to Lloyds. He was particularly unhappy that Lloyds hadn't contacted him about the block and had told him it was unable to guarantee that the same thing wouldn't happen again. He said he would like to be compensated for the inconvenience and any future inconvenience he might experience.

Lloyds said that the account was blocked due to a fraud assessment check. It said its process isn't to alert the customer with an SMS when an account is blocked for higher than normal fraud risk. It said the process was in place so as not to alert potential fraudsters. Lloyds offered Mr K £52 compensation for customer service issues when he'd phoned, which included an amount to cover his telephone costs. Mr K didn't accept Lloyds' offer and asked our service to consider his complaint.

Our investigator concluded that Lloyds hadn't made any errors when it refused the cash withdrawal and blocked Mr K's card. She acknowledged the frustration Mr K had experienced from having to wait to speak to Lloyds on the phone. But she thought the amount Lloyds had offered to compensate Mr K for inconvenience and call costs was fair.

Mr K disagreed with our investigator's view. He was unhappy that he'd been denied access to funds from an instant access account and felt that Lloyds should have contacted him about the block. He also questioned why Lloyds had considered his attempt to withdraw the cash as unusual when he'd made many similar cash withdrawals in casinos in the past. So, Mr K's complaint has been passed 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.

Having done so, I've reached broadly the same conclusions as our investigator. I'll explain why.

I'd like to reassure Mr K that I've considered all of his points, even if I've not referred to each of them individually. I've focussed on what I believe is most relevant to the outcome of this complaint.

The relevant regulations require Lloyds to pay due regard to the interests of its customers and treat them fairly. Lloyds also has a duty to protect the money in Mr K's account from potential fraud.

The terms and conditions of the account set out circumstances where Lloyds can "*refuse to make a payment or allow a cash withdrawal*". One of the circumstances stated is: "*we reasonably believe that you or someone else has used, is using or obtaining, or may use or obtain a service or money illegally or fraudulently.*"

Lloyds says that Mr K's card was blocked because his attempt to withdraw £3,000 was flagged as suspicious. The fraud team suspected fraud or a possible scam. It says the block was applied correctly and it had followed its normal security procedure which was to wait for Mr K to contact it to confirm the payment was genuine before removing the block.

Mr K has queried why a screenshot from Lloyds shows "*no reason found*" for this particular transaction being declined. But the screenshot also says to contact a certain department for more assistance. So, I don't think the screenshot shows that the transaction was declined for no reason. Lloyds was able to explain to Mr K why the transaction was declined when he phoned.

I appreciate Mr K thinks that the transaction shouldn't have been flagged on Lloyds' system as potentially fraudulent because it wasn't unusual for him. He's provided copies of his bank statements to show this. But Lloyds has a duty to protect customers and itself from potential fraud and it's not this service's role to comment on the processes and systems it puts in place to do this. I'm satisfied from the information Lloyds has provided that the transaction in question was flagged on its systems as potentially fraudulent.

I understand that Mr K would like more detail about why the transaction was flagged. But Lloyds' criteria for flagging a transaction as potentially fraudulent isn't something I can tell it to share because this information is commercially sensitive. To be clear, the transaction was flagged because of *suspicions* of fraud. This isn't the same as Lloyds determining that fraud had taken place. Lloyds removed the block once Mr K had contacted it to confirm the transaction was genuine. There was no need for it to issue a replacement card, as it was satisfied that no fraud had occurred.

Mr K strongly believes that Lloyds should have contacted him to let him know that his card had been blocked.

The terms and conditions say: "*Unless the law prevents us, we will try to contact you to tell you we are refusing, or unable, to act.*" But they go on to say: "*If you are using a card to make a payment or withdraw cash, the retailer – or organisation that owns the cash machine – will tell you the payment has been refused.*"

Mr K would have been aware that his instruction to withdraw cash had been refused when he couldn't access the money. So, Lloyds didn't need to tell him this.

Lloyds has explained why it didn't go on to notify Mr K that a block had been placed on his card. It says it's a security measure to avoid alerting potential fraudsters. Mr K has questioned how he could have been expected to know about the block. But Lloyds told Mr K about the block when he phoned to discuss why he was unable to withdraw the cash and the block was removed during the call. In that telephone conversation, Lloyds told Mr K it would

have been able to resolve the issue sooner if he'd called on the night his cash withdrawal was refused.

I appreciate Lloyds' security measures caused Mr K some inconvenience and I understand his concerns that this might happen again. But I'm satisfied that Lloyds has acted fairly and in the best interests of Mr K. If Mr K had been a victim of fraud and Lloyds hadn't taken steps to prevent money being removed from his account, the consequences could have been far worse for him.

Lloyds has acknowledged that Mr K experienced some additional inconvenience because of the length of time he'd spent waiting on the phone when he called Lloyds. But I think the £52 Lloyds has offered Mr K is fair compensation for the inconvenience and call costs he might have incurred.

Finally, Mr K has raised a concern about the complaint manager who issued the final response to his complaint. Mr K says he had promised to confirm that it was the bank's policy not to inform customers of accounts being blocked in the final response letter but didn't do so. However, complaint handling isn't something this service is able to consider, according to the rules sent by the Financial Conduct Authority. So, Mr K's comments about this hasn't made a difference to the outcome I've reached.

### **Putting things right**

Lloyds should pay Mr K the £52 it previously offered him if he accepts my decision.

### **My final decision**

Lloyds Bank PLC has already made an offer to pay £52 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that Lloyds Bank PLC should pay Mr K £52.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 6 June 2022.

Anne Muscroft  
**Ombudsman**