

The complaint

Mrs G complains that she received poor service and was racially abused by Lloyds Bank PLC (Lloyds).

What happened

Mrs G had an account with Lloyds. She was married in 2012 but kept her account with Lloyds in her maiden name – for business purposes. On 13 September 2020, she tried to make an online payment of £4,998 into a crypto-currency investment. The payment was declined pending fraud checks, and her account was blocked. She spoke to Lloyds' fraud department who asked her to visit a branch with identification documents. On 15 September 2020, she visited a branch of Lloyds to do that. The branch wasn't happy with the ID documents – which were her passport and marriage certificate (which was from an overseas country). They called Lloyds fraud department who spoke to Mrs G on her mobile phone while she was in the branch. The account was unblocked, but then, because of what happened, the fraud department then blocked the account again and asked the branch to invoke the banking protocol – which meant calling the police.

The police visited Mrs G at her home that evening. On 16 September 2020, she visited the branch again with her ID documents to unblock the account and make the payment. In the branch, she spoke to the fraud department again – who said she need to show photo ID (in her maiden name) before the account could be unblocked and the payment made. Mrs G couldn't provide this, and so the payment wasn't made.

Mrs G complained. She said the service provided by Lloyds was poor – she had been a customer for over 30 years. It was her money to use as she chose and she knew what she was doing. She felt she had been treated like a criminal and had been racially abused. She said she feels anxiety when she drives past the Lloyds branch or indeed any other bank. She still has flashbacks about the events that occurred. She was also told she couldn't make a complaint over the phone but had to visit a branch to do that. She told us during our investigation that she'd lost money because of the delay in making the investment.

Lloyds said that Mrs G was correctly referred to the branch for checks of her ID. The branch correctly didn't accept her passport and marriage certificate for that purpose. The branch had wrongly told the fraud department that she no longer needed to make the payment, and that caused confusion. Lloyds apologised for that; and they agreed it took too long to remove the fraud block on her account; and she should've been able to register a complaint on the phone. They paid compensation of £150. They didn't agree that Mrs G had been racially abused.

Mrs G didn't agree, nor did she accept Lloyds compensation of £150. She brought her complaint to us. Our investigator said that the reason that the banking protocol was invoked was due to the miscommunication between the fraud department and the branch. He could see how upsetting it was for Mrs G to have the police involved. But he also accepted that Lloyds had procedures in place to prevent fraud. He felt that the overall service provided by Lloyds wasn't acceptable and said Lloyds should pay a further £150 by way of compensation.

Lloyds accepted this outcome, but Mrs G didn't. She asked that an ombudsman look at her complaint.

I reached a provisional decision where I said:

It's an unfortunate fact that banking fraud is increasing, and all banks, including Lloyds, have sophisticated systems in place to protect both their customers and the bank. In this case, I think it's clear that Lloyds followed their processes – but strictly following a procedure or process can lead to an unfair outcome for a customer in the individual circumstances of their situation. I think that's what's happened here – and in the round, I think that Mrs G's overall experience during what happened leads me to a view that a higher award of compensation should be made.

When Mrs G tried to make the payment of £4,998 on 13 September 2020 – I can see why Lloyds declined to make it, blocked her account and the fraud department asked her to visit a branch with identification documents. Lloyds have said that the beneficiary of the payment – a bitcoin investment – was giving rise to a high number of frauds. While it's for Lloyds to determine their fraud processes and procedures, I can see why they did what they did.

On the call on 13 September 2020 – Mrs G said she wanted to make a complaint on the phone. Lloyds fraud department told her she had to visit a branch to do that. This was an error by Lloyds – Mrs G should've been given guidance about how to make a complaint on the phone, and/or put through to the complaint department to do that.

Mrs G then visited a branch of Lloyds – on 15 September 2020. She showed her passport – which was in her married name - her account was in her maiden name. She showed her marriage certificate – which was from 2012 and was from an overseas country. The branch wasn't happy with the documents – as her appearance didn't look like her passport photo. And – they didn't accept the marriage certificate either. I've seen Lloyds' operational processes for using passports as ID – and they complied with those. They say that staff should check the photo appears to be that of the person in question. And – Lloyds' couldn't be sure of that. So, to that extent, what Lloyds did was fair and reasonable.

I asked Lloyds for their processes regarding the acceptance of a marriage certificate – and they couldn't evidence anything. And so – it's not clear whether Lloyds' decision not to accept the marriage certificate was correct or not.

While Mrs G was in the branch, the manager called the fraud department – to get guidance as to what to do. On the call (which I've listened to) – the branch told the fraud department that they had seen Mrs G's passport and marriage certificate – but the account was in Mrs G's maiden name, while the passport was in her married name. But they also said on the call that they were happy "it is her". They told the fraud department that she'd shown her driving licence, passport and passed a chip & pin test. So – it's not clear why this wasn't accepted.

But it's what happened next – which caused the main problems that arose, and which are the crux of Mrs G's complaint. The branch manager told the fraud department that Mrs G had decided not to make to payment after all – but this was an error by the manager. The fraud department then spoke to Mrs G on her mobile phone in the branch – and Mrs G said there was a misunderstanding and the payment was to be made. She asked for the payment to go ahead. I then heard the Lloyds fraud representative say, *"so that colleague has just lied to me...so can you find out from her why she said that...I need that colleague now please..."*. Mrs G's mobile phone was then passed to the branch manager who

apologised for the misunderstanding. The fraud department member of staff then immediately told the branch to invoke the banking protocol – i.e. call the police.

There are three things here that I found unreasonable. Firstly, the matter was being discussed on Mrs G's mobile phone, in the branch – which was being passed between Mrs G, the fraud department and the branch manager. The branch manager has said this was because there wasn't a phone in the banking hall – and that may have been the case. But – the overall experience here for Mrs G wasn't good. Secondly, I found the tone and the words used by the fraud department to be unreasonable – and he should've asked for the phone to be passed back to the branch manager – for Lloyds' staff to resolve – rather than putting Mrs G in the position of having to mediate between the branch and fraud department. And thirdly - while again, it's for Lloyds to make its own judgement on whether to invoke the banking protocol – it seems to me that in this case, the fraud department executive was acting in an emotional way, rather than a rationale one. And – this then led to the police being called. Mrs G (quite reasonably) said she didn't want to wait for them to arrive at the branch (the branch said it may take 90 minutes) and they visited her at her home that evening. The police said there were no problems as far as they were aware.

Mrs G then visited the branch again on 16 September 2020. Again, she was put through to the fraud department on her mobile phone. After a long call (35 minutes), the fraud department told her they were happy with her answers about the transaction. But then advised her Lloyds needed to see some photo ID – showing her maiden name. The fraud department executive didn't know why her marriage certificate wasn't acceptable and said she would need to speak to the branch again about that. Mrs G said she didn't have photo ID with her maiden name on it. The account therefore remained blocked and the payment wasn't made. So – this was again unsatisfactory from Mrs G's point of view.

As I have said – it's for Lloyds to decide upon their security and fraud checks, and whether to invoke the banking protocol. But – Mrs G's overall experience here wasn't reasonable:

- there was a three-way conversation between Mrs G, the branch and fraud department – on Mrs G's mobile phone and in the branch – this was confusing and embarrassing for Mrs G. And it wasn't for Mrs G to be asked to resolve a miscommunication between the branch manager and Lloyds' fraud department;
- the decision to invoke the banking protocol looked to have been taken irrationally - because of the fraud department's frustration with the branch's error. This meant that Mrs G was visited at her home, in the evening, by the police;
- it isn't clear why the marriage certificate wasn't accepted part of Mrs G's ID;
- I can see that Mrs G spent several hours on the phone and two visits to the branch to try to sort things out;
- Mrs G should've been able to make a complaint on the phone, rather than being told to do that at the branch.

Mrs G has said that her treatment amounted to racial abuse. She says that her husband – as a white male - wasn't subjected to the same checks by his bank. I can't comment on his situation. But I've looked through all of Lloyds' notes – and I found no reference to Mrs G's race. It also wasn't mentioned in the calls between the branch and the fraud department. I also noted that in Lloyds operational guidance for invoking the banking protocol, it says *"this should be followed for any customer..."*. In other words – Lloyds processes say that all

customers were to be treated the same way. But that doesn't mean that Mrs G was treated reasonably in the circumstances of her complaint.

Mrs G says she feels Lloyds has discriminated against her given the problems she experienced. Given what happened, I can see why she may have genuinely felt she had been racially profiled by Lloyds. And that's likely to have exacerbated the distress and upset she felt. But - having looked at all the evidence I don't think Lloyds did so. I hope that it helps Mrs G to know that someone impartial and independent has looked into her concerns.

Mrs G has also said to us that she lost money as her investment couldn't be made. Given the circumstances here, the investment was made two or three days later than she intended. She hasn't brought forward any precise figures. And – given that this is a balanced decision, I don't think it would be fair and reasonable to ask Lloyds to reimburse any losses.

Turning to the matter of compensation. As I've set out, I think the overall effect of what happened to Mrs G warrants an increased payment of compensation. Our service has set down some criteria – which say an award of up to around £750 might be fair where the impact of what happened has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. And for me, I think that Mrs G's experience falls into that category – as I think the police were unnecessarily called and then went to Mrs G's house – when all she had done was to go to a branch to show her ID to invest some money. The only concern that Lloyds had was that her passport photo was different due to the passage of time that had passed. And – from what I heard on the calls, she was confident in answering the questions asked, and knew what she was investing in. And so - I think a payment of £750 is reasonable here. Lloyds have paid £150 already – so a further £600 should be paid.

Responses to the provisional decision:

Both Lloyds and Mrs G agreed with the provisional decision.
(continued)

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.

As both Lloyds and Mrs G agreed with the provisional decision, I won't be departing from when deciding on my final decision.

My final decision

I uphold this complaint. Lloyds Bank PLC must:

- Pay compensation of £600 for distress and inconvenience – in addition to the £150 already paid.

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

Martin Lord
Ombudsman