

The complaint

Mr P complains that Lloyds Bank plc permitted a withdrawal from his joint account without his consent. He also complains that Lloyds Bank plc has discriminated against him.

What happened

Mr P had a current account with Lloyds. The account was held jointly with his wife. He says that his wife made a report to Lloyds which resulted in a block being put on the account. He says he only found out about this when direct debit payments were not paid. He had to open a separate account to manage his affairs.

Mr P says that on 9 April 2021 Lloyds removed the block on the account and permitted his wife to withdraw £11,000 from the account. He was not asked to, and did not, consent to this withdrawal. He says that Lloyds should not have permitted the withdrawal. He says his position has been prejudiced as a result of Lloyds' actions.

On 19 October 2021, Mr P and his wife both attended a branch of Lloyds and they jointly agreed to certain transfers of funds from the joint account. Mr P says that after they left the branch, Lloyds phoned his wife to enquire if she was happy about the transfers that had been agreed. Mr P says he feels discriminated against because no-one contacted him to enquire if he was happy about the transfers. He says Lloyds has adopted a one-sided approach and has treated him unfairly.

Mr P asked Lloyds to reimburse him with 50% of the amount (£5,500) his wife had withdrawn from the joint account on 9 April 2021. He also said the way he'd been treated had affected his mental health. He complained to Lloyds.

Lloyds investigated his complaint. It said it had made an error when it had lifted the block on the account on 9 April 2021. But, it said that Mr P had an opportunity on 19 October 2021 to rectify the error and there were still funds in the account which would give him further opportunity to adjust his position as regards the distribution of the funds in the joint account.

Lloyds acknowledged that Mr P had been inconvenienced as a result of its actions and it credited £250 to his account by way of compensation for what had happened.

Mr P wasn't satisfied with this response. He referred his complaint to our service. Our investigator looked into his complaint. She thought that the issue regarding the withdrawal of the £11,000 was a civil dispute and would be a matter for the courts to decide. She said the block should not have been removed and Mr P had experienced considerable distress and inconvenience. She thought there was no evidence to support what Mr P had said about being discriminated against and it was not Lloyds' intention to discriminate against him. Our investigator said Lloyds should pay him an additional £150 (£400 in total) by way of compensation.

Mr P did not agree. He said the amount of proposed compensation was derisory. He also said his wife was unwell. He said he could not pursue recovery of the £5,500 because of their current circumstances.

Because Mr P didn't agree, the complaint was passed to me to decide. I issued a provisional decision in which I said:

What I've provisionally 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.

The account mandate

Where there is a joint account, both parties need to issue joint instructions regarding the operation of the account. They can agree at the outset, or at any stage, that the bank can accept instructions from either one of them. This is often referred to as a joint account mandate. The mandate can be withdrawn at any time by either party – there is no requirement for the other party to consent to withdrawal of the mandate. Where the mandate is withdrawn the bank can only act on the joint instructions of both parties, until such times as a new joint account mandate is put in place.

Mr P's wife did withdraw the joint account mandate on or about 7 April 2021. So, I don't think Lloyds did anything wrong when it treated the joint mandate as having ended and informed both parties that it had done that.

Mr P says Lloyds didn't inform him. I've looked at Lloyds' internal records and I can see there is an entry there dated 13 April 2021 which states that a letter was issued to both parties. So, although there was a slight delay in issuing the letter, I'm not persuaded that Lloyds failed to inform Mr P about what it had done. And, it is the case that he was able to make other arrangements to manage his affairs after he was informed.

The withdrawal on 9 April 2021

Lloyds has accepted it should not have lifted the block on the account on 9 April 2021 to permit Mr P's wife to make a withdrawal. I agree that it should not have done that. But the issue I have to decide is whether Mr P has suffered a loss as a consequence of what Lloyds did.

It is the case that both Mr P and his wife subsequently attended the branch on 19 October 2021. Mr P would've had the opportunity on that date to seek to rectify the position regarding the balance in the joint account before funds were distributed to his sole account and his wife's sole account. It's not clear why he didn't take whatever action was required at that date to mitigate the loss he says he'd incurred. Mr P does have a duty to seek to mitigate any loss.

Lloyds has also told our service, that even after the withdrawals made on 19 October 2021, there are still enough funds in the joint account for Mr P to mitigate his loss. The balance in the joint account exceeds the amount that was withdrawn on 9 April 2021. The account remains subject to the requirement that both parties need to authorise any further withdrawals. So, I'm not persuaded that, if Mr P has suffered a loss, he has done everything he might reasonably have been expected to do to mitigate that loss. I'm also not persuaded, given that there is still a balance in the joint account, any loss he says he has sustained has yet been crystallised. Mr P could still take action to rectify the position.

Having considered the withdrawal on 9 April 2021 I'm not currently persuaded Lloyds needs to take any action to resolve this part of his complaint. I'll comment further below about the distress and inconvenience Mr P says he has been caused.

Mr P says Lloyds has discriminated against him

Mr P says that Lloyds has discriminated against him. He says this is evidenced by the following facts:

- *it acted on his wife's sole report and blocked the account without reference to him;*
- *it allowed his wife to withdraw £11,000 without his consent – lifting the block on the account. This is something he says it would not have done for him;*
- *it phoned his wife after the withdrawal on 19 October 2021. It didn't phone him; and*
- *generally, Lloyds has not been even-handed.*

Whilst I can understand why Mr P was annoyed by Lloyds' actions, I'm not currently persuaded it treated him differently because of a protected characteristic (such as his sex or his age) or that it has otherwise treated him unfairly or unreasonably. I'll explain why.

I've already commented on the reasons why Lloyds was able to withdraw the joint account mandate on his wife's sole instruction. I've also commented on the £11,000 withdrawal.

I've thought about Lloyds' actions when it phoned Mr P's wife on 19 October 2021. But, having done so, I'm satisfied Lloyds didn't do anything wrong when it made such enquiries as it deemed necessary to satisfy itself that the instructions it had received could be relied upon. It hadn't received any reports from Mr P that would've indicated it needed to take extra steps before it could rely on his instructions. So, although Mr P feels he hasn't been treated even-handedly, I'm not persuaded Lloyds has treated him unfairly or unreasonably.

Distress and Inconvenience

Lloyds acknowledged that Mr P had experienced distress and inconvenience because of its actions. It has already paid him £250 by way of compensation. I don't think that is enough for what happened here. Our investigator thought it should pay him an additional £150 (£400 in total).

Mr P has been inconvenienced and he's told us about the stress this has caused him at what is already a very difficult time. I can understand why that would be the case. But, having considered everything, my provisional decision is that an additional £150 (£400 in total) is fair and reasonable compensation.

My provisional decision

For the reasons given above my provisional decision is that I intend to uphold this complaint about Lloyds Bank plc.

I intend to require it to pay Mr P an additional £150 (being £400 in total) by way of compensation for the distress and inconvenience he experienced as a result of what happened here.

Mr P hasn't responded to my provisional decision or made any further comments.

Lloyds did respond to my provisional decision. It said it agreed with the provisional decision and had nothing more to add. It said it had initially agreed, following our investigator's comments, to increase the compensation by another £150 and noted that there was nothing in the provisional decision to say that anything further was warranted.

So, I now have to make a final decision.

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've considered the responses to my provisional decision. I haven't received any new or further information. So, there's nothing that persuades me to change my view as set out in my provisional decision. I remain of the view that Lloyds should now pay Mr P an additional £150 (being £400 in total) by way of compensation for the distress and inconvenience he experienced as a result of what happened here.

My final decision

For the reasons given above I uphold this complaint about Lloyds Bank plc.

I now require it to pay Mr P an additional £150 (being £400 in total) by way of compensation for the distress and inconvenience he experienced as a result of what happened here.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 3 November 2022.

Irene Martin
Ombudsman