

The complaint

Mr F complains about the standard of service from Lloyds Bank PLC and being prevented from accessing his bank account whilst overseas.

What happened

I issued my provisional decision on this complaint on 19 January 2023, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, there will be a different outcome to what our investigator proposed.

Before I issue my final decision, I wanted to give everyone a chance to reply. I'll look at any more comments and evidence that I get by 16 February 2023.

But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr F complains about the standard of service from Lloyds Bank PLC and being prevented from accessing his bank account whilst overseas.

What happened

Mr F opened a new account with Lloyds and makes three complaints about the standard of service he received when he was overseas for several months.

Mr F's first complaint is about Lloyds decision to block his account when he first tried to transfer out funds from his new account. Mr F says Lloyds didn't offer any practical solutions on how he could regain access to his account and, as he was in another country, he couldn't identify himself at a UK branch and his funds were effectively frozen.

Lloyds are satisfied that they correctly applied the account block. Lloyds say it was a new account and there was a security concern caused by Mr F attempting on-line transactions when he was required to make a chip and pin transaction to activate his account.

Regarding Mr F being overseas and his inability to visit a UK branch and access his funds, Lloyds thought this wasn't the case. This is because Mr F didn't mention he was overseas when initially speaking to representatives. Also, Lloyds say that when Mr F was speaking to the complaints manager several days later, he said he was planning to go away at the time which suggested he wasn't overseas and could visit a UK branch.

Mr F's second complaint is about Lloyds failure to pay him a £125 switching incentive. Lloyds investigated and apologised for not providing Mr F with this payment. They said this was due to a system error and to put things right they processed the £125 payment together with a compensation payment of £50.

Mr F's third complaint is about the standard of service he received from two Lloyds representatives – the fraud adviser who blocked his account and the complaints manager who dealt with his blocked account issue. Mr F says he felt that when the fraud adviser placed a block on his account, she was irritated with him and had a passive aggressive manner. Regarding the complaint manager Mr F felt that when he was speaking to her, about the blocking issue, she had already made up her mind up and wasn't prepared to help. Also, she didn't acknowledge there was a switching issue.

Regarding Mr F's complaint about the fraud advisor Lloyds said they were disappointed as it wasn't the level of service they would expect and sent Mr F £20 compensation.

Mr F complained to our service. Our investigator didn't think Lloyds needed to take any further action.

As Mr F remains dissatisfied this case has been referred to me to look at.

*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.*

Having done so, I have come to a different view to the investigator, and I intend to uphold this complaint for the following reasons.

I first looked at Mr F's first complaint about his account being blocked and Lloyds not offering any practical solutions leaving his funds frozen as he wasn't in the UK.

I couldn't see Lloyds made an error in placing a block on Mr F's account. I thought Lloyds action was risk adverse considering Mr F's explanation of his account activity and answers to security questions. However, as this was a new account and Lloyds have responsibilities and a duty of care to protect customers' money, I could understand their action. Also, there was nothing to indicate that Mr F wouldn't be able to soon get to a UK branch to identify himself.

From listening to the calls on file, I can understand why Lloyds believe Mr F was in the UK at the time of the block and that he could've visited a branch before departing. This is because Mr F doesn't mention he is overseas, makes comments which suggest he was in the UK, such as commenting on the weather and suggesting his covid symptoms are the main problem in getting to a branch. Also, his IP address suggested he was in the UK.

However, Mr F has shown travel tickets, says he wasn't in the UK, has postal arrangements in place and uses a VPN.

Having considered both the above points, I found the question of whether Mr F was in the UK at the time of the block to be inconclusive.

I am though satisfied that Mr F was overseas at some point and Mr F clearly told Lloyds he was overseas several days later. So, it appears that Lloyds belief, which may or may not be correct, stopped them helping Mr F here. I say this because I can't see any evidence on file which shows that Lloyds gave any consideration to how they might've been able to assist Mr F with identification overseas. This includes the complaints manager who was quick to close down Mr F's request and didn't seem interested in exploring options, even when Mr F suggests options used by other banks. In addition, Lloyds haven't responded to a request by this service to explain available options.

So, although I can't see that Mr F was left in a vulnerable position here, I'm satisfied that this lack of help caused Mr F inconvenience including his time on the phone to Lloyds.

I then looked at Mr F's second complaint about not receiving the promised switching fee. I can see that Lloyds have recognised a system error and I consider their offer of the fee and £50 compensation to be a fair and reasonable resolution of this issue.

Finally, I considered the service Mr F received from the fraud adviser and the complaints manager.

Although I can see Lloyds have apologised and offered £20 compensation for the service Mr F received from the fraud adviser, from listening to the call, I couldn't see that Lloyds had done anything wrong. As mentioned above I'm satisfied with the fraud adviser's action and, regarding her behaviour, I found her polite and couldn't see that she displayed irritation with Mr F or had a passive aggressive manner.

Regarding Mr F's call with the complaint manager, whilst I found her extremely polite, I found her responses unhelpful. This is because, as described by Mr F, when discussing his complaints, she came across as dismissive and I also thought she gave the impression she had already made her mind up, leaving Mr F with no alternative but to visit a UK branch. Although she was apologetic, she didn't explain options that she had considered or could possibly explore in order to help Mr F. Instead, she seemed to want to close down what was a stressful situation for Mr F.

Also, the complaints manager tried to resolve the switching issue over the phone and, whilst I appreciate a system issue subsequently came to light, she also seemed to want to close this down, giving Mr F the impression there was an error on his or his other bank's part. In addition, although I can't see the fraud adviser did anything wrong, Mr F felt that he had experienced a poor service and the complaints manager offered compensation, giving Mr F the impression she either didn't necessarily agree or hadn't listened to the call.

So, considering all the above I'm upholding this complaint.

To put things right I think Lloyds should pay Mr F £150 compensation for the distress and inconvenience caused by not trying to offer Mr F assistance in unblocking his account whilst he was abroad. Also, an additional £150, less amounts already paid, for the additional distress and inconvenience in the way they handled Mr F's complaints. In addition, if it hasn't already been paid, Lloyds should pay Mr F the £125 switching payment.

I did note Mr F requested compensation for his return flight to the UK. However, although I think Mr F has been caused inconvenience here, I excluded this from the compensation I'm asking Lloyds to pay. This is because I don't think this would be fair or proportionate for Lloyds to pay, as Mr F says he frequently travels, has multiple accounts and describes the amount in his frozen account as being trivial.

My provisional decision

For the reasons I've given above, it's my provisional decision to uphold this complaint and I require Lloyds Bank PLC to:

- Pay £150 compensation to Mr F for the distress and inconvenience caused by not trying to offer assistance to unblock his account whilst he was abroad.*
- Pay an additional £150 compensation to Mr F, less amounts already paid, for the additional distress and inconvenience for the way they handled his other complaints.*
- Pay £125 to Mr F for the switching offer, if not already been paid*

I'll look at anything else anyone wants to give me – so long as I get it before 16 February 2023. Unless that information changes my mind, my final decision is likely to be as I've set out above.

I received comments from both parties prior to the above deadline.

Lloyds said:

"You have attached your provisional decision, detailing your reasons for wanting us to pay an additional £300 in compensation for the distress and inconvenience, and £125 to make up for them not reviving the switching offer. We agree with your decision. We will look to award an additional £425 in compensation on this case."

In Mr F's response he:

- Provided additional information on his overseas travel
- Requested I reconsider compensation for his flight
- Questioned the competence of the fraud advisor, explaining that when he spoke to her, he didn't know the answer to a question about his name but has since researched that this is the name that comes up when entering the sort code for a company he was trying to credit. Also, there was another name he was asked about and he believes it is his long name truncated. Mr F thinks she was overzealous and should have either researched or known this, which would've prevented his account being blocked.

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.

Thinking about everything again and, in light of the above comments, I further reviewed the file and listened to the fraud call.

Due to Mr F's latest comments and his explanation of his account activity and answers to the fraud adviser's security questions, I still think Lloyds action to block Mr F's account was risk adverse. However, I couldn't see that Lloyds made an error here. Lloyds have responsibilities and a duty of care to protect customers' money, and the adviser appears to have been guided by her system and procedure. Also, she believed there was a high risk due to the account being new. Furthermore, there was nothing to indicate that Mr F wouldn't be able to soon get to a UK branch to identify himself.

I am though satisfied that Mr F was overseas at some point and Lloyds didn't give consideration to how they might've been able to help him unblock his account.

As this and the complaint manager's behaviour caused Mr F both inconvenience and distress, I'm pleased to note that Lloyds agrees it needs to take steps to put things right.

Finally, I reconsidered Mr F's request for compensation for his return flight to the UK. However, although I'm satisfied Mr F was caused inconvenience and I now better understand the regularity of his overseas travels, for the reasons set out in my provisional decision, I still don't think it would fair to ask Lloyds to pay compensation for his flight.

So, considering all the above, I'm upholding this complaint.

My final decision

My final decision is I require Lloyds Bank PLC to:

- Pay £150 compensation to Mr F for the distress and inconvenience caused by not trying to offer assistance to unblock his account whilst he was abroad.
- Pay an additional £150 compensation to Mr F, less any amounts already paid, for the additional distress and inconvenience for the way they handled his other complaints.
- Pay £125 to Mr F for the switching offer, if this hasn't already been paid

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 16 March 2023.

Paul Douglas
Ombudsman