

The complaint

Mr B complains that Lloyds Bank Plc had a technical issue in which he couldn't operate his account for a number of months in the country he lives in.

What happened

Mr B lives overseas. He says Lloyds recently introduced a security measure which required sending a code to his mobile. He said on 17 February he received calls to his mobile, but he couldn't answer the calls and no text message with a security code was sent by them. Mr B spoke with a Lloyds call handler. He says they told him that they were having some problems with their security with accounts in the country he is residing in. Mr B says he is unable to make payments due to this issue and he can't check his bank account details. Mr B made a complaint to Lloyds.

Lloyds upheld Mr B's complaint and paid him £50 compensation and they said they had resolved his complaint. Mr B says his complaint is not resolved as the issue has not been fixed. He said he can't make payments out of his account, and he can't check his bank details. Mr B brought his complaint to our service. He said he had been able to get a code in June 2022, but he felt extra compensation was fair for the time it took the system to work. He said if he couldn't submit his tax return on time in the country he resided in, then he could be fined. He said in view of this, he tried to access his Lloyds account and this time it gave him an access code to get into his account.

During our investigators investigations, Lloyds had told him that they suggested to Mr B to download their mobile phone application (app) as a potential workaround, but he didn't want to do this.

Our investigator said if a business has shown to mitigate the impact in a way he felt fair and reasonable, it wouldn't be fair to say they have made an error. He said he'd considered whether Lloyds had fairly and reasonably mitigated the impact of the issue of Mr B accessing his account. He said when Mr B called them to make the complaint, the call notes provided by Lloyds show they offered him a solution to download the app to access his account, but Mr B did not want to do this. He said while he respected his decision it would be likely if Mr B had done this then he would have been able to access his account, so he thought Lloyds did act fairly to mitigate the impact of the issues Mr B was having.

Our investigator said although Mr B uses the Lloyds account overseas, this is ultimately his decision. So he said that it is not reasonable to take factors into account such as charges for phone calls. He said our service does not award compensation based on potential impact such as Mr B mentioning the potential of late filing for his tax returns. He said in this circumstance, Lloyds acted fairly to give him a workaround solution and he thought £50 compensation was fair.

Mr B asked for an Ombudsman to review his complaint. He said Lloyds security system that they introduced was not working, even after they advised his complaint had been settled. He said this was the basis of his complaint to Lloyds following their letter of 19 February 2022 and even Lloyds admit this to be a fact. He said he was not offered a workaround. He said

he wanted £400 compensation plus interest.

As my findings differed in some respects from our investigator's, I issued a provisional decision to give both parties the opportunity to consider things further. This is set out below:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'd like to explain to Mr B that it is not within this service's remit to tell a business how to run their security procedures in order for the business to be satisfied they are meeting their regulatory requirements. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Lloyds to make changes to their policies and procedures, if necessary.

I must explain to Mr B that complaint handling by a business isn't a regulated activity and as such, the issues he's raised that relate directly to how Lloyds have investigated his complaint, such as deciding when they believe a complaint is resolved do not come under my powers to consider.

Although Lloyds say they offered Mr B a potential workaround (and he disputes that they did), I'm not persuaded that this would have guaranteed a solution to the problems Mr B was facing. I say this as the app would call the customer as part of their security measures. But when Lloyds tried to ring him as part of the current security procedures, this was unsuccessful due to the known issue which Lloyds recognise was affecting people which reside in the country he is living in. In addition to this, there may be reasons why Mr B would be unable to download their app, for example, the make and model of his phone may be incompatible with the app. So I don't think it's unreasonable for Mr B to choose a method of banking with Lloyds which they had made available to him which had been working until there was an issue.

Mr B says that he first notified Lloyds of the issue in January 2022. But he was only aware that the issue was resolved when he was sent a code when he tried to obtain information for his tax return in June 2022. Lloyds system notes show that the incident was raised by them in February 2022, so there was potentially four to five months where this was an issue for Mr B. The system notes show an incident number for the issue was created, so I'm not persuaded it would have been unreasonable for Lloyds to let Mr B know when the issue was resolved.

I've considered the amount of compensation that Lloyds have paid Mr B for what happened. They paid him £50 in February 2022, but the issues still continued for months after this. The issues affected Mr B completing simple transactions such as seeing his bank balance and making payments, so I'm persuaded that he would be distressed by this over a number of months and I've seen no evidence that Mr B was told when this was resolved.

So I'm not persuaded that £50 compensation is reasonable for what happened here. Mr B was inconvenienced by the technical issues through no fault of his own. And continued to be inconvenienced and distressed by the situation months after Lloyds had said they had resolved his complaint.

I've considered what Mr B has said regarding him wanting interest. But I've not seen that the technical issue has affected any interest (if any) he would be due to receive on his account. So this is not something I would look to award him here as it would not be proportionate for me to do so. I've also considered whether £400 compensation is fair for what happened here. But it may help if I explain to Mr B that compensation is a discretionary remedy that we sometimes award if we feel that a business has acted wrongfully and therefore caused

distress and inconvenience to their customer over and above that which naturally flows from the event. When we recommend compensation, it is often modest and within our established guidelines.

I'm satisfied that an extra £200 compensation is fair and reasonable for what happened here, to total £250 compensation. The reason I'm satisfied that this is fair is because Mr B was inconvenienced as he was unable to perform simple basic banking tasks, which also caused him distress. But the fix doesn't appear to have happened for a number of months. And I've already explained why I'm not persuaded a workaround for these issues would have guaranteed Mr B was able to perform these tasks.

As our investigator has explained to Mr B, we are unable to compensate him for what could have happened. For example if he was unable to get the information which resulted in him sending his tax return in late. And Mr B did manage to get the security code to enable him to get this information. So I'm satisfied that an extra £200, to total £250 compensation is a fair and reasonable amount of compensation to award Mr B to recognise the impact that the inconvenience and distress would have had on him here. So it follows I intend to ask Lloyds to put things right."

I invited both parties to let me have any further submissions before I reached a final decision. Both parties accepted my provisional decision, but Mr B asked me to pass on some comments to Lloyds. I will ask our investigator to forwards his comments onto Lloyds as a courtesy to Mr B, but he should be aware Lloyds are not obliged to respond to them.

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 neither party have provided me with any further information to consider, then my decision and reasoning remains the same as in my provisional decision.

Putting things right

In my provisional decision I said I intend to uphold this complaint. I said I intend to ask Lloyds Bank Plc to pay Mr B an extra £200 compensation (to total £250 compensation) for distress and inconvenience. I'm still satisfied this is a fair outcome for the reasons given previously.

My final decision

I uphold this complaint. Lloyds Bank Plc should pay Mr B an extra £200 compensation (to total £250 compensation) for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 22 March 2023.

Gregory Sloanes
Ombudsman