

The complaint

Mr F complains about the service from Lloyds Bank PLC (Lloyds) when trying to make two international payments.

What happened

Mr F travelled to Switzerland for some medical treatment. He needed to pay for the treatment in two instalments using international bank transfers. The first was for £10,789 (in Swiss francs). He tried to make this on 20 February 2022 - the payment not made and his account was blocked. He arrived in Switzerland on 21 February 2022 and called Lloyds. He made the payment on that call – at the third attempt. On 24 February 2022, following completion of the treatment, he tried to pay the last instalment of approximately £5,800 (in Swiss francs). He made six calls to Lloyds but the payment wasn't made. Mr F then transferred to money to another bank and made the international payment using that bank. Mr F complained. He said:

- When he called to make the payment on 21 February 2022, Lloyds' questions were an invasion of his privacy.
- Because his account was blocked on the first payment attempt, he spent a stressful 30 minutes on the phone when he arrived at the airport - and only managed to make to make the payment on the third attempt.
- When he tried to pay the second instalment, his account was again blocked and the payment not made. As it was to the same beneficiary, he couldn't see why that was the case – as he had told Lloyds a second payment would be needed.
- On 24 February 2022, on one of the calls, Lloyds call handler was uncaring – and then told him to go to an ATM to unblock his debit card. This meant he had to walk three miles to the nearest town to do so. And that was after his medical treatment – and he had been advised not to do strenuous exercise.
- Because of what happened, he had to stay in Switzerland for an extra night. This caused increased hotel bills and car parking charges.
- He later said to us that he had to take five extra days off work due to the stress of what happened – this cost him £1800.

Lloyds apologised for the difficulties that Mr F had. They accepted that some call handlers were focused on his debit card transactions rather than the international payments he wanted to make. He had also been transferred to the wrong departments – rather than the fraud team. Lloyds said they'd had a short-term systems issue which caused authorisation of payments to be caught in a 'referral loop' That meant Mr F had to repeat the security process by calling back each time and going through the questions again. Once a payment was set up, Lloyds' system should have recognised it and therefore it should be accepted the next time.

On the questions posed to Mr F on 21 February 2022 – this was part of Lloyds' security checks and they said they were necessary, and not intrusive. Lloyds paid compensation of £307 – being £100 distress and inconvenience; £48 towards call costs; £74 hotel bill; and £85 car parking charges.

Mr F brought his complaint to us. Our investigator thought Lloyds had done enough. Lloyds' security checks were necessary as part of their fraud detection processes. He said the payment of £307 by Lloyds was sufficient.

Mr F didn't agree and asked that an ombudsman look at his complaint.

I made a provisional decision where I said:

Mr F was to undergo a medical procedure in another country – and when he tried to make the first payment the day before he departed, it was declined. He then left for Switzerland and arrived on 21 February 2022 – and then tried again to make the payment for the first instalment for his treatment. I've read Mr F's file in detail and listened to all the calls between himself and Lloyds. And overall, I don't think Lloyds acted reasonably here. Over the course of eight phone calls, Mr F clearly suffered a good deal of stress and inconvenience and I think Lloyds should do more to settle his complaint.

Firstly, I want to say that Lloyds, like all banks, have checks in place to prevent fraudulent payments – so I accept the need for those. And Mr F also accepts that.

Therefore, when Mr F tried to make the first payment on 20 February 2022 – it was blocked for further checks. I accept that. His account was then blocked and he was asked to contact Lloyds. I then listened to the call made from the arrival airport on 21 February 2022. On the third attempt, Mr F managed to make the payment. The call lasted about 40 minutes – but at least the payment was made. Mr F then told the call handler that he would need to make another payment of a smaller amount to the same beneficiary after his treatment. The call handler said – there would be a reasonable chance of it going through as it was to the same business.

But here – Lloyds told us during our investigation that if Mr F had used the same internet banking profile for the second payment (i.e. if it had been saved as a 'known payee') – it would likely have gone through without any problem. I think it would have been reasonable for Lloyds to tell him that on the call – but they didn't. If they had, all the subsequent issues would've been avoided. As it was, when Mr F came to make the second payment on 24 February 2022 – Lloyds told us he set it up as 'new recipient' – and so this caused it to be declined again. If he had used the previous payee profile – it would very likely have gone through.

Lloyd also told us that they had a systems problem at the time – and so on the payment attempts on 21 February 2022 and 24 February 2022 – an erroneous 'referral loop' was happening, and so there were some transaction attempts which were declined unnecessarily. It appears that that was the cause of some of the problems encountered by Mr F.

On Mr F's point about the invasion of his privacy – I heard on the call that there was only one question about his treatment – and the call handler was polite and respectful. And – that was part of Lloyds' fraud checks process. So - I don't agree with Mr F on that part of his complaint.

I then listened to six calls made by Mr F on 24 February 2022 – and each time the payment failed. But he was passed between several departments, which didn't help. And I was

particularly concerned by the third call on that day. I must say I found the call handler to be cold – and moreover, didn't get to grips with what Mr F wanted: to make the payment.

She said his debit card was blocked and he needed to make a transaction with it using the PIN number – to unblock it. Lloyds told us during our investigation that the card was blocked because it had reached a certain number of contactless transactions – and therefore a PIN payment was needed. But the call handler didn't explain that. Mr F asked if he did what the call handler asked - would the payment be made – but she didn't answer and repeated the need to make the PIN transaction. And more importantly, I don't think the debit card had anything to do with the online payment that Mr F was trying to make – and why he called.

Mr F says she was told he needed to visit an ATM to make a withdrawal. But she didn't say that - she just said to make a debit card payment. But because Mr F was out of town, he had to walk three miles to the town to do that – causing him a lot of stress in his condition. Mr F had explained to Lloyds that he had had an operation. And I've seen there were notes on his account to say that. So – the call handler should've realised his situation. So – I don't think Lloyds acted reasonably here.

Mr F was passed between departments on 24 February 2022 – and eventually gave up. He made a GBP transfer to his other bank account and made the international payment through that bank. But on that day – he made six calls totalling over an hour to Lloyds to try to get things sorted out. It seems to me that he was transferred between departments in error – Lloyds confirmed that - and no one seemed to be able to sort his problem out. On the fifth call, I heard Lloyds call handler say he would call Mr F back – but he didn't. I accept that on some calls, Mr F ran out of call minutes or data on his phone – so some of the issues were unavoidable.

Therefore, in summary – I think Lloyds should do more here. I say that because:

- They could've advised Mr F to 'pay existing payee' on his mobile banking app to when make the second payment but didn't. If they had, it's likely many of the issues would've been avoided.

- Lloyds had systems issues whereby Mr F was referred for security checks/questions when it wasn't needed.

- Lloyds' call handler on 24 February 2022 asked Mr F to validate his debit card by making a PIN transaction - but that had nothing to do with his international payment. So he had to walk three miles to do that.

- He was passed between departments on 24 February 2022 and there were six calls, all without resolving the payment problems he had.

- Lloyds promised a call back at one stage, and that wasn't made.

Lloyds have paid compensation of £307, of which £207 was to meet Mr F's additional costs of calls, hotel, and car parking. £100 was for distress and inconvenience – and it's that aspect that I am reviewing. Mr F has argued that he should get loss of earning of £1,800 – that isn't something our service would agree to – we don't, in general, agree to refund loss of earnings. But - I think Lloyds should pay an additional £300. This would be in line with what our service would expect to see for what happened here.

Responses to the provisional decision:

Lloyds accepted the provisional decision and agreed to pay the compensation. Mr F didn't respond.

I now need 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.

As Lloyds accepted the provisional decision and Mr F didn't respond, I'm not departing from it in making my final decision.

My final decision

I uphold this complaint. Lloyds Bank PLC should:

- Pay £300 in compensation for distress and inconvenience. This in addition to the £307 already paid (of which £100 was for distress and inconvenience).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 28 March 2023.

Martin Lord
Ombudsman