

The complaint

Mr V complains that Lloyds Bank PLC blocked his account without notice or explanation, which left him unable to access his funds. He'd like an adequate amount of compensation for the disruption to his life.

What happened

Mr V lives abroad but holds various accounts with Lloyds including savings and a current account.

Around February 2020 Mr V tried to access the funds in his account but discovered the account had been blocked. He says he tried to call Lloyds, but the phone lines were inundated because of the pandemic. When he did get through, he was told he would need to attend branch, which he couldn't do because of travel restrictions. A close friend of his delivered letters explaining the situation to a branch, but the blocks remained in place. He received a response from the branch manager, but emails were sent to an incorrect email address for him. He found an email address for complaints on a leaflet, but this turned out to only be related to mortgages.

Finally, in May 2021 Mr V managed to raise a complaint with Lloyds. The bank couldn't find a reason for the block on the account, as there were no notes left. They removed the blocks, and apologised to Mr V. They also paid £500 compensation to him. Mr V wasn't satisfied with this outcome, so referred the complaint to our service. He explained that he had been left without access to funds for a considerable period, and this had meant he'd been forced to subsist on a very limited income. He also said that he had missed out on the opportunity to reinvest the funds he held in savings.

One of our investigators looked into what happened but felt the offer from Lloyds of £500 was reasonable. They accepted Lloyds hadn't been able to explain why Mr V's accounts were blocked in the first place, and that Lloyds should have escalated the situation earlier. But they said they couldn't see any record of contact between Mr V and Lloyds between June 2020 and April 2021. They considered whether Lloyds should make a further award for not having access to the funds, but felt that as Mr V hadn't made any transfers to the country he was living in until considerably after the account was unblocked they weren't minded to make any further award. Overall, they felt the £500 was along the lines of what they would have suggested.

Mr V disagreed, saying that he hadn't made any transfers after the account was unblocked because he had savings in a third country – but these were difficult to access because this country operated a closed currency, and were also under strict Covid restrictions. But in September 2020 he had been able to access some of these funds and ease the immediate burden on him. This explained why he didn't need to make an immediate transfer when the account was unblocked. But he said up until this point he had been living in serious financial hardship.

As no agreement could be reached the complaint was passed to me to decide. After reviewing the evidence, I felt there was more Lloyds should do. I issued a provisional

decision which said:

Lloyds haven't been able to demonstrate exactly why Mr V's account was blocked, although they have offered some speculative reasons. Without a clear record of why the blocks were applied to Mr V's accounts I can't reasonably conclude that it was fair or reasonable to do so. Lloyds chose to remove these quickly once they looked into the matter, so I don't see there were any underlying issues that should have prevented Mr V from accessing his funds.

I've also reviewed the communication between Mr V and Lloyds, and I'm satisfied that the bank should have been more responsive to his problem a lot earlier than they were. I can see he was in communication by March 2020. I accept the bank may have been wary of unsigned letters delivered to the branch by third parties. But it would have been fairer for the bank to look into these issues and try to resolve them with Mr V. I can see there is a note on Lloyds' system on 12 June 2020 about a "letter sent regarding removal of block from the account".

This demonstrates to me that at this point Lloyds were satisfied it was genuinely Mr V trying to get the blocks removed from his account. But there doesn't seem to be any further action taken after this point. I would have expected the bank to be more proactive at this point, considering what Mr V had already described of his situation, and in the context of the pandemic. I don't see this as a reasonable response at the time, and I'm satisfied this unreasonably delayed his accounts being unblocked beyond June 2020.

Mr V has commented about not being able to reinvest the funds he held with Lloyds in savings. But I can also see from the account history that these funds had been sitting with Lloyds for some time, even before the blocks were applied. I'm satisfied then that Mr V didn't have any significant plans to reinvest these immediately, and it would be fair for them to continue to earn the account interest rate.

The money held in the current account doesn't attract interest. And I think it likely that these funds Mr V would have transferred to the country he lives in to support himself. As he's been deprived of the use of these funds, I think awarding 8% simple interest from the date of the internal note to the date the blocks were removed is fair.

The blocks will have had a significant impact on Mr V, and I'm satisfied that it's right he's paid compensation. I've considered carefully what Mr V has said about the impact this had on him, and that it wasn't until September 2020 he was able to mitigate his circumstances. I accept this will have caused him considerable distress. Lloyds haven't communicated with him well about this, and I can see why he'd be confused and upset by their inaction, and that it took so long to resolve. I've also considered that there doesn't seem to be record of Mr V letting Lloyds know he'd be relying on the money held with them to be transferred to the country he lived in, or that he'd done so previously, before the blocks were applied. Taking everything in to account I think the £500 already paid is reasonable.

Both Mr V and Lloyds replied to say they accepted my provisional decision – so all that remains is for me to issue my 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.

Having done so, I remain satisfied with the conclusions and redress from the provisional decision. As such I see no reason to change my findings, and I direct Lloyds to settle the complaint in line with what was agreed.

My final decision

My final decision is that I uphold this complaint and direct Lloyds Bank PLC to pay Mr V 8% interest on the balance of the current account from 12 June 2020 to the date the blocks were removed. If Lloyds believe ta should be paid on the interest award, they should give Mr V a certificate showing how much is taken so he can reclaim this from HMRC if eligible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 4 April 2023.

Thom Bennett
Ombudsman