

The complaint

Mr W complains Lloyds Bank PLC (“Lloyds”) blocked his account and then failed to remove the block when the original issue was resolved.

What happened

Mr W complained to Lloyds when he tried to login to his online account with them on 13 August 2022 and couldn't. That was due to a block being applied on his account. It transpired due to an issue a month earlier with another of Mr W's accounts - held with the banking group Lloyds is part of - a block had been placed on all his accounts with that banking group. Lloyds said the block on his other account had been removed once the issue had been resolved but, owing to human error, Mr W's Lloyds account wasn't re-instated as it should have been.

Lloyds upheld the complaint in respect of failing to remove the block from this account and offered to pay Mr W £20 compensation. They didn't uphold the parts of the complaint about why his Lloyds online banking had been impacted when the transaction questioned was on another account. Lloyds said that both brands of bank account were part of Lloyds Banking Group. And this meant the link between the two accounts was justifiable and in line with their internet banking terms and conditions. Mr W referred the matter to us.

Our investigator upheld the complaint. He thought Mr W wouldn't necessarily have made any link between his two accounts and to discover that his Lloyds account had been inexplicably blocked may have been quite alarming. And although the impact of the error was limited it was unexpected and meant Mr W had to make an additional call to unblock this account. The investigator recommended the compensation payable to Mr W ought to be increased by a further £50.

Lloyds accepted the outcome. Mr W didn't respond initially and the case was closed. After hearing from Mr W the case reopened and he asked for the matter to go to an ombudsman for 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.

Having done so, I agree with the overall outcome reached by the investigator. I think this complaint should be upheld partially and an award of £70 in total is a reasonable reflection of the trouble and upset Mr W has suffered here. I'll explain my reasons for coming to this conclusion.

The extract Lloyds have sent from the Internet Banking Agreement satisfies me they are able to display information about other accounts Mr W might have with the banking group on Internet Banking. And the extract from the terms is clear that they may suspend use of Internet Banking in certain circumstances. So, I can't say they did anything wrong in their initial suspension of access to this account.

But Lloyds accept their mistake in failing to then re-instate the online banking on Mr W's Lloyds account. I think, the compensation that's they originally offered didn't properly reflect the inconvenience here. But I think the investigators recommendation of a further £50 does and is the sort of award I'd have made had it not already been suggested. I think that's a fair and reasonable outcome here.

Putting things right

Lloyds Bank PLC should pay Mr W a further £50 compensation making a total of £70.

My final decision

My decision is that I uphold this complaint. Lloyds Bank PLC should pay Mr W a further £50 compensation making a total of £70.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 19 April 2023.

Annabel O'Sullivan
Ombudsman