

## **The complaint**

Mr M complains that Lloyds Bank PLC didn't contact him after it declined a payment.

## **What happened**

I issued my provisional decision setting out why I intended to uphold this complaint. I invited both parties to let me have any further comments or evidence they wished me to consider. Below is a copy of what I said.

*In June 2022, Mr M tried to use his Lloyds bank card to buy tickets for a major sporting event. He had a window of three-hours to do so on a first-come first-served basis and get the tickets at a discounted price. Mr M's card was declined several times and he couldn't understand why – he says he didn't have any messages from the bank, and he tried calling Lloyds but couldn't get through.*

*Mr M continued to try and buy the tickets but wasn't able to get them within the timescales he had. He said it took almost three days to get through to a member of staff and be told that his card had been declined because the payment may have been fraudulent.*

*Mr M didn't think he'd been treated fairly - he said he would have expected Lloyds to have contacted him in the form of a text alert or phone call but to hear nothing wasn't satisfactory. He raised a complaint and explained he and his son had lost out on a once in a life-time opportunity through Lloyds's inaction and it should provide compensation.*

*Lloyds looked into the complaint, but it didn't think it had done anything wrong. It said, it was responsible for all payments from Mr M's account and as such these were subject to review. If it had any concerns about a payment it would place a block on the card and contact Mr M to check that the payment was genuine. But on this occasion, it didn't contact him because it believed the account had been taken over by fraudsters.*

*Mr M referred his complaint to us and one of our investigators looked into it. In summary, he didn't recommend it be upheld. He said, Lloyds had acted in line with the account terms and conditions.*

*Mr M didn't agree and asked that his complaint be reviewed by an ombudsman.*

## **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. Mr M in using his card instructed Lloyds to make a payment from his account. Lloyds's fraud detection systems flagged the payment for further verification checks. That doesn't in itself amount to a reasonable belief of fraud or unauthorised use. It's simply a trigger that puts the bank on inquiry, causing it to put a block on the account pending further checks. That's what I'd expect a responsible bank to do and it would be wrong if I were to say that Lloyds was acting unreasonably in having such a process in place. But this isn't the end of the matter.*

*The issue is what should then have happened. Lloyds's says ordinarily it would contact its customer to check that the transaction is genuine and remove the block where it's satisfied it is, but it couldn't do that here because it thought Mr M's account may have been taken over by fraudsters. In such a situation it says it would wait for its customer to contact it.*

*I've gone onto consider what good industry practice and the regulations say should happen in these types of situations. So, I've reviewed the relevant sections of the Payment Service Regulations 2017, specifically section 82 (1) which deals with refusal of payments. This says, I've thought about what it's said however I'm afraid I have some difficulty with how this has been applied in Mr M's individual case. I say this because, Lloyds hasn't offered any evidence that account takeover was actually a reasonably held suspicion here. So, I can't be satisfied that's what prevented it from contacting Mr M.*

*I've gone onto consider what good industry practice and the regulations say should happen in these types of situations. So, I've reviewed the relevant sections of the Payment Service Regulations 2017, specifically section 82 (1) which deals with refusal of payments.*

*This says,*

*"Subject to paragraph (4), where a payment service provider refuses to execute a payment order or to initiate a payment transaction, it must notify the payment service user of –*

*(a) the refusal*

*(b) if possible, the reasons for such refusal; and*

*(c) where it is possible to provide reasons for the refusal and those reasons relate to factual matters, the procedure for rectifying any factual errors that led to the refusal.*

*(2) Any notification under paragraph (1) must be given or made available in an agreed manner and at the earliest opportunity... ..*

*(4) the payment service provider is not required to notify the payment service user under paragraph (1) where such notification would be otherwise unlawful."*

*The regulations make it clear that a bank should contact its customer and at the earliest opportunity. So, I think that's what Lloyds should have done. However, I can't be satisfied the earliest opportunity would have been the three-hour window Mr M had to buy the tickets - it might have been at some point later in the day. But not contacting him at all, wasn't good enough either. I'm satisfied Lloyds's inaction led to Mr M getting poor customer service, causing him significant distress and inconvenience. He would have been disappointed he couldn't buy the tickets and frustrated by the overall situation, in particular not knowing why and being unable to get through to his bank for so long.*

*Having weighed everything up I think £300 would be appropriate for Lloyds to pay. I realise this is a lot less than Mr M was hoping for, but I can't base my award on his perceived loss or the value of the thing he was trying to buy. My award has to be based on the impact and I think this figure fairly reflects what I've described above. Also, I can't award compensation to Mr M's son as he isn't the bank's customer – Mr M is, and under our rules the only person eligible to bring the complaint is Mr M (who holds a relevant relationship with the business). In conclusion, I hope the proposed resolution assists in fairly resolving this dispute.*

*My provisional decision*

*My provisional decision is that I intend to uphold this complaint and require Lloyds Bank PLC*

*to pay Mr M £300.*

Lloyds responded to say that it didn't have anything further to add to my provisional decision.

Mr M responded, in summary, he said, he accepted my provisional decision and the compensation. But, wanted it to be known that had Lloyds contacted him within three days, he could have still bought the tickets albeit at a higher price. He said he'd have been prepared to pay the higher price not to miss out on the lifetime opportunity. He hoped Lloyds would increase the offer of compensation as a gesture of goodwill, due to him being a long-standing valued customer.

### **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 reviewed my provisional decision again and the responses, I see no reason to depart from my conclusions. Lloyds hasn't added anything here to make me change my mind and so I remain of the view that it provided poor customer service.

I note that Mr M accepts my decision and the compensation. However, he has added some additional comments. In respect of these, I must stress that the £300 I outlined was what I considered to be fair and reasonable recompense for the distress and inconvenience caused, particularly the disappointment. Rather than the value of the thing he was trying to buy.

While I can understand why Mr M would like more as a long-standing customer, I'm afraid that's not a basis for me to require Lloyds to pay him more. It can choose to pay him more if it wants to but for the purposes of this final decision my direction is £300.

It follows that I adopt my provisional decision in full as part of this final decision

### **My final decision**

My final decision is that I uphold this complaint and require Lloyds Bank PLC to pay Mr M £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 May 2023.

Sarita Taylor  
**Ombudsman**