

The complaint

Ms P complains about the service received from Lloyds Bank PLC.

What happened

Ms P was locked out of her account for over six weeks because of fraud alerts placed on her account which weren't properly removed.

Ms P says she spent a considerable amount of time - on telephone calls and branch visits, to resolve the situation which impacted her financially as she is self-employed. So, she complained to Lloyds.

Lloyds said that a block had been placed on Ms P's account when a transaction Ms P attempted to make on 18 September 2022 was referred for fraud checks. It accepted that the block hadn't been removed properly but the mistake didn't come to light until Ms P contacted it again on 1 October 2022 at which point the block was successfully removed.

But when Ms P went on to make another transaction, this was also referred for a fraud check. Lloyds accepts that this transaction should have been referred to another department before the account was blocked. But it added that by 5 October 2022 Ms P hadn't contacted its fraud team to discuss the removal of the account block.

But Lloyds accepted that - overall, it hadn't provided Ms P with the appropriate level of service, and it offered her £250 compensation by way of an apology. Ms P didn't accept this outcome and referred her complaint to this service.

One of our investigators looked into it. And he recommended Lloyds should increase its offer of compensation to £350.

Lloyds accepted this recommendation. But Ms P didn't. She said £350 wasn't enough of a punitive cost to ensure Lloyds changed its business operations going forward. And it didn't accurately reflect the inconvenience caused to her.

Ms P asked for her complaint to be reviewed to an ombudsman, so it has been passed to me.

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.

Ms P has raised several complaint points and I'm aware I have only summarised the circumstances of her complaint above. So, I'd like to reassure her that I have read and

considered her correspondence in full. And I hope the fact that I do not respond in a similar detail here will not be taken as a discourtesy. As an informal dispute resolution service, we are tasked with reaching a fair and reasonable conclusion with the minimum of formality. In doing so, it is not necessary for me to respond to every point made, but to consider the circumstances of the complaint as a whole.

Having done so, while I appreciate Ms P's strength of feeling about what happened - overall, I agree with the investigator that £350 is fair compensation in all the circumstances of this complaint. I'll explain why.

Ms P has said the fraud checks that Lloyds' systems indicated were needed were unnecessary. And I can understand why Ms P has said this – the transactions she was undertaking were genuine. But the starting point here is that businesses like Lloyds are expected to have security measures and procedures in place to safeguard customers' accounts and prevent fraud so far as possible. As to exactly what those procedures are and how they are carried out is a matter for Lloyds to decide. That is not something this service becomes involved in.

But we can look into whether Lloyds followed its procedures correctly. And here Lloyds hasn't disputed that it didn't handle things as well as it should have done – for example, the original block wasn't removed when it should have been, and it didn't follow the correct process when another transaction was identified for fraud checks. I've also seen there were some issues when Ms P raised her complaint. Lloyds offered £250 compensation for the errors. And it has since accepted the investigator's recommendation to increase the compensation offer for the inconvenience the errors caused to £350.

I note Ms P has said she doesn't think £350 is a sufficient punitive cost to ensure Lloyds changes its business operations. But this service is not the regulator, so we can't fine or punish a business when it makes mistakes. Our awards are intended to recognise any financial loss and/or material distress and inconvenience caused. So, I've thought carefully about the impact Lloyds' errors had on Ms P.

Ms P has said her credit rating was impacted as she wasn't able to pay outstanding credit statements as she couldn't access her account. But she hasn't provided any evidence of this. And I note she told us she was able to borrow money from a partner to make payments. Overall, I haven't seen enough to conclude that any mistakes on Lloyds' part impacted Ms P's credit rating or that she was unable to make any payments that were due.

But I can appreciate how frustrating and inconvenient Ms P will have found this whole matter. I accept she spent time and effort in trying to sort the problem out – both on the phone and in branch visits. And she couldn't access her account for several weeks. So, I agree compensation is rightfully due.

Overall, I find £350 is a fair and reasonable amount of compensation for the inconvenience caused to Ms P. I'd like to be clear that this is not to minimise what Lloyds did wrong, it clearly didn't handle matters as it should have. It's just that I've found compensation of £350 fairly recognises the impact the situation had on Ms P.

My final decision

For the reasons given above, I uphold this complaint.

Lloyds Bank PLC should now pay Ms P £350 (less anything already paid) in recognition of the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 10 July 2023.

Sandra Greene
Ombudsman