

## **The complaint**

Mr C complains Lloyds Bank PLC hasn't offered him a way of authenticating that works for him meaning he's having problems using his account online.

## **What happened**

Mr C has a current account with Lloyds Bank and a debit card.

In September 2022 Mr C complained to Lloyds Bank that he was having problems using his account – in particular, making online purchases – as a result of changes it had made to its processes in order to implement strong customer authentication. Mr C said that he didn't own a mobile phone and didn't want to and that the changes Lloyds Bank had made expected him to do so. He said Lloyds Bank's approach wasn't in line with guidance the FCA had issued on strong customer authentication in relation to the use of mobile only solutions. He also said he didn't think Lloyds Bank should be insisting on him using a device registered in his name to authenticate, including his landline. He made suggestions of his own.

Lloyds Bank investigated Mr C's complaint and said that its customers could authenticate in three different ways, namely using its mobile app, receiving an SMS to a mobile phone or receiving a call on a landline or mobile phone. Lloyds Bank said that as it only had a landline number for Mr C his landline was the only way he could authenticate so he'd need to make sure he had access to his landline when making online payments. Mr C was unhappy with Lloyds Bank's response and so complained to us.

One of our investigators looked into Mr C's complaint and thought that the alternatives Lloyds Bank had offered should work as they could see he'd been able to authenticate using his landline in September 2022. Our investigator also said it wasn't in our remit to ask a business to change its processes or methods.

Mr C was unhappy with our investigator's response, saying that it wasn't relevant that he'd authenticated a transaction in September 2022 using his landline. He gave examples of other times when he hadn't been at home and hadn't been able to authenticate. He also said that the changes Lloyds Bank had made don't verify the identity of the person its dealing with only that they're in possession of a particular phone. As he was unhappy, his complaint was referred to an ombudsman for a decision. His complaint was passed on 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.

I've spoken to Mr C and said why I don't think it wasn't unfair of Lloyds Bank to implement strong customer authentication – it's an important measure designed to combat fraud – and what strong customer authentication involves. I've also said why I don't think it was unfair of Lloyds Bank to use "possession" as a factor when applying strong customer authentication – namely, that businesses have to use two separate independent factors from a list of three when authenticating their customers and that "possession" is one of these three factors.

Mr C accepted what I'd said and told me that the main problem he was having was authenticating when he wasn't at home. He was happy, for example, to do his online banking from home, but he wasn't always at home when he needed to authenticate for online shopping. He gave me examples of when this had caused him problems.

Having spoken to Mr C, I contacted Lloyds Bank to see it was prepared to offer Mr C a "token" that he could use to authenticate when he needed to shop online. That's a solution that wasn't available when Mr C originally complained. But it was a solution that it was about to roll out. I asked Lloyds Bank if it was prepared to do so as I'm satisfied that in Mr C's case, taking into account the FCA guidance he mentioned, amongst other things, Lloyds Bank hadn't offered a viable alternative to allow him to authenticate when he needs to shop online. Mr C confirmed to me when I spoke to him that a "token" would resolve his complaint.

I asked Lloyds Bank if it was willing to offer Mr C a token because I could see that it had considered doing so at one stage but had decided against it saying tokens are normally for customers who don't have a mobile or a landline or a foreign no. In this case, I said to Lloyds Bank that I didn't think that was particularly helpful. Unfortunately, I still haven't had a response from Lloyds Bank despite the deadline I set having expired some time ago.

## **Putting things right**

Given everything I've just said, and in the absence of a response from Lloyds Bank, I'm going to require Lloyds Bank to issue Mr C with a token so that he can authenticate when he needs to shop online. In addition, I'm going to require Lloyds Bank to pay Mr C £250 in compensation to reflect the unnecessary inconvenience and frustration he's been caused.

## **My final decision**

My final decision is that I'm upholding this complaint and requiring Lloyds Bank PLC to issue Mr C with a token and to pay him £250 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 September 2023.

Nicolas Atkinson  
**Ombudsman**