

## **The complaint**

Mr M complains that Lloyds Bank PLC unfairly blocked his account. He says this caused him financial problems and severely impacted his mental health. Mr M wants Lloyds to pay him compensation for the trouble and upset he was caused by his account being blocked.

## **What happened**

Mr M had an account with Lloyds.

On 5 April 2023, a payment for £50 was made into Mr M's account. Mr M has explained that the money was a deposit for a mattress he'd advertised for sale on a well-known social media website.

On 19 May 2023, Lloyds were notified by another bank that the £50 payment was fraudulent and that their customer had been the victim of a scam. Their customer said that after sending Mr M £50 they had been unable to get in touch with him about the mattress and that Mr M was deliberately avoiding taking their calls. And they hadn't received the mattress.

As a result of the report Lloyds blocked Mr M's account and decided it needed to look into how he was operating his account. Lloyds contacted Mr M on 19 May 2023 and asked him about the £50 payment. Mr M said he hadn't done anything wrong and had advertised a mattress for sale – which he had arranged to be delivered to the individual who had paid £50 into his account. Lloyds explained to Mr M that whilst his account was blocked, he'd be able to access any wages or benefits in his account by visiting a branch with some identification.

Lloyds completed its review on 23 May 2023 and spoke to Mr M. Lloyds warned Mr M not to use his account for business purposes and noted that it had spoken to him previously about the sale of another mattress that hadn't been delivered in 2021. Lloyds provided Mr M with education about how to operate his account and said told him he needed to comply with the terms and conditions of his account.

On 25 May 2023, Mr M called Lloyds to find out what was happening with his account. He said that because of the block he had had to borrow money and needed to pay this back with interest. He said that the stress of not being able to access his account was impacting his mental health and he was considering harming himself. Following this Lloyds unblocked Mr M's account on 29 May 2023.

Mr M complained to Lloyds. He explained that because of the block he wasn't able to pay for everyday essentials and provide for his family. He said he had to seek professional help to manage the impact the situation had on his mental health and that he had to take out a short term loan for £200 to get by. Mr M said he had to pay back the money he borrowed, including £100 interest that he'd been charged for the loan.

Lloyds looked into Mr M's complaint but didn't uphold it. It said it hadn't done anything wrong when it had blocked his account and had done so after it had received a fraud report. Unhappy with this response Mr M brought his complaint to our service.

An investigator looked into Mr M's complaint. She asked Mr M about the payment into his account and how the block on his account had impacted him. In response, Mr M said he had delivered the mattress and wasn't guilty of anything fraudulent. Mr M said he had to go and see a 'private person' about his mental health and suicidal behaviour. Mr M said Lloyds refused to allow him access to the money in his account. And that he couldn't travel to a branch because it would have cost him too much money in petrol. So, he said Lloyds should pay him £500 compensation for the trouble and upset he'd been caused.

The investigator reviewed everything and thought Lloyds took too long to remove the block from Mr M's account. So, she said Lloyds should pay Mr M £100 compensation for the trouble and upset this had caused him.

Lloyds agreed. Mr M didn't. He said the amount of compensation isn't enough. He wants more. He said Lloyds shouldn't have blocked his account as he hadn't done anything wrong.

As no agreement could be reached the matter has come to me to decide.

### **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'll deal first with Lloyds's decision to block Mr M's account. Lloyds has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. It's the bank's duty to reasonably ensure accounts are being used in the way they should and to protect the money which is held in them.

Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here. I should also add that Lloyds is not required to prove beyond reasonable doubt that Mr M is guilty of a fraud or financial crime before it decided to block his account and carry out a review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Lloyds to block Mr M's account. Lloyds has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so Lloyds were complying with its legal and regulatory obligations. Doing so also enabled Lloyds to consider how best to react to the information it had received from the sending bank about the money that had been paid into Mr M's account in April 2023. So, whilst I accept, the bank's actions caused Mr M inconvenience and upset when it decided to block his account and asked him to provide information, I can't say the bank did anything wrong and treated him unfairly in doing so.

Whilst Lloyds are entitled to restrict a customer's account and carry out a review, I'd expect them to do so in a timely manner and without any undue delays. Lloyds blocked Mr M's account from 19 – 29 May 2023. I've looked at what Lloyds were doing during this period and having done so it appears that Lloyds had completed its review by 23 May 2023. However, Lloyds kept the block on Mr M's account for a further seven days, until 29 May 2023. Lloyds haven't provided any explanation why they kept Mr M's account blocked for longer than necessary. So, I'm satisfied that there were delays in removing the block from Mr M's account which meant Mr M wasn't able to use his account normally for longer. And that Lloyds should pay Mr M compensation for the trouble and upset he was caused.

Lloyds has accepted it should have removed the block from Mr M's account sooner than it did. And has agreed to pay Mr M £100 compensation recommended by the investigator for the trouble and upset he was caused. Mr M says this isn't enough. So, I've considered what Mr M has said about how Lloyds's actions impacted him. Mr M says had to borrow money and pay back what he lent along with high interest. He also said he had to see someone about his mental health and needed counselling because of Lloyds actions. But Mr M hasn't provided any evidence of his financial losses, such as a loan agreement, or invoice for any costs associated with seeing a professional counsellor or medical practitioner regarding his mental health, which Mr M says he did. So, it wouldn't be appropriate for me to ask Lloyds to pay compensation for something there is no evidence of.

Taking everything into account I'm satisfied that £100 compensation, is fair and proportionate to the trouble and upset Mr M was caused by Lloyds delays to unblock his account. In reaching this conclusion, I've kept in mind that Mr M was able to access his wages and benefits held in his account by visiting a branch with identification, so whilst I appreciate this would have caused Mr M inconvenience, I'm not persuaded he was completely without access to funds during the period his account was blocked. Considering the overall circumstances of this complaint, I'm not persuaded to award Mr M more compensation.

### **My final decision**

For the reasons I've explained, I uphold this complaint. To put things right if it hasn't already done so, Lloyds Bank PLC should:

- Pay Mr M £100 compensation for the trouble and upset he was caused by Lloyds taking too long to unblock Mr M's bank account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 April 2024.

Sharon Kerrison  
**Ombudsman**