

The complaint

Mr C complains about the service he received from Lloyds Bank PLC in respect of his current account.

What happened

On 1 July 2022, Mr C tried to make a debit card payment of more than £9,000. The payment was then blocked by Lloyds. Mr C says he received text messages from Lloyds to confirm he made the payment. Mr C replied in the affirmative, but the payment was still not processed.

Mr C called Lloyds to resolve the matter. Lloyds initially told him that it had not declined a transaction and Mr C asked to speak to a manager. The call was then cut off. Mr C called back and was eventually transferred to the fraud team where the block on the transaction was lifted. Mr C called Lloyds back later that day to log a complaint.

Following that, Mr C called Lloyds again to make further complaints that a manager had not returned his calls and about the length of time he had spent on the phone to Lloyds.

On 19 July 2022, further payments were declined from Mr C's account because the two-step verification process had not been completed. Also on 19 July 2022, Lloyds issued a final response letter and offered to pay £63 to Mr C to settle his complaint. This offer comprised £50 in compensation and £13 to cover his call costs.

Mr C did not accept what Lloyds had offered. He believed his complaint had been re-opened following his conversation with Lloyds on 19 July 2023. There followed several lengthy calls between Mr C and Lloyds over several months with Mr C trying to establish the status of his dispute.

Further final response letters were issued to Mr C on 21 September 2022, 4 October 2022, 9 November 2022 and 21 December 2022 respectively. In summary, Lloyds requested an itemised telephone bill to make sure Mr C wasn't out of pocket'. It then offered to pay a further £60 to cover the cost of those calls, bringing its offer of compensation to £123 in total.

In the meantime, Mr C complained to this service. Our investigator said he thought Lloyds' offer of £123 to Mr C was fair. He thought Mr C could have called his Lloyds complaint handler directly, which would have mitigated some of the calls he had to make to Lloyds.

Mr C didn't agree with our investigator's view and so the matter was passed to me for an ombudsman's decision. I asked our investigator to obtain the call recordings between Mr C and Lloyds and I listened to all of those recordings.

Having done so, I issued a provisional decision in this matter because I thought the complaint should be upheld. I said:

"The first thing I've considered is whether it was fair and reasonable for Lloyds to block transactions on Mr C's account.

Lloyds blocked a transaction on 1 July 2022 because of concerns around potential

fraud on Mr C's account.

I appreciate the blocked transaction caused Mr C some inconvenience. But I don't think Lloyds was at fault in declining this payment until it could be confirmed it had been made by Mr C. I know it was frustrating for Mr C, particularly when he thought he had alleviated Lloyds' concerns by text message. But Lloyds decided it needed to speak to Mr C by phone to be assured that the payments were genuine. Given that this was a significant transaction, I think it was fair for Lloyds to take those steps to protect Mr C's account.

A further transaction was declined later in July because Mr C did not complete the two-step authentication. Again, I can't say Lloyds was wrong to decline those transactions if its security requirements had not been met.

That said, I think the service Mr C received from Lloyds thereafter was confused, unclear and unnecessarily lengthy.

Listening to calls between Mr C and Lloyds, it is clear Mr C was very distressed by the situation and his dealings with Lloyds. I note Mr C informed Lloyds that he was caring for a family member who was very unwell. He later told Lloyds that a family member had died. Across several calls, Mr C said he has a number of health conditions that affect his ability to speak to Lloyds for a long time on the phone. However, Lloyds did not acknowledge or appear to understand Mr C's obvious distress or his potential vulnerability.

During one call lasting for almost an hour, Mr C was enquiring why a manager had not contacted him when he believed such a call had been promised. Mr C specifically told Lloyds that he had health issues and he struggled with lengthy telephone calls. Mr C indicated he wanted to make a new complaint but requested a call back from Lloyds because he was in difficulty with his health. Lloyds refused to call him back and said he needed to remain on hold for the complaint to be set up. The call handler then placed Mr C on hold for around half an hour immediately after he said he would have health difficulties if he was on hold again.

None of the call handlers Mr C spoke to appeared to explore whether Lloyds needed to adapt its service to meet Mr C's stated needs. On the contrary, Lloyds appears to have stuck to its process. In the many calls Mr C made to Lloyds, he was cut off on several occasions – usually after he had asked to speak to a manager. He then had to call Lloyds back and start the process of explaining his situation all over again. I can see why this would have been difficult for Mr C and why it caused him some frustration.

As I said above, Mr C made Lloyds aware that he had ongoing health concerns and he was feeling overwhelmed and stressed in his encounters with Lloyds. He repeatedly described having to call Lloyds as 'torture'. Mr C was also clear that he was caring for a very unwell family member and that later, he had suffered a bereavement. In a situation such as this, I think it would have been fair for Lloyds to respond flexibly to what could have helped Mr C.

The evidence before me does not suggest that Lloyds took any account of Mr C's needs. I can see why Mr C was confused about what was happening with his complaint. He was repeatedly told that his complaint had been closed and then told it had been re-opened. At one point, when he expressed concern about how many times he'd had to call Lloyds, the call handler said that the reason for the lengthy calls was because Mr C kept staying on the phone line. I don't think it was fair for

Lloyds to say this to Mr C.

In one of its final response letters, Lloyds also said that it had given Mr C the direct telephone number for his complaint handler. It said that if he had called that number directly, the calls he made to Lloyds would not have been so lengthy. I can see the final response letters do contain the direct number of the complaint handler. However, if it would have been helpful for Mr C to speak to the complaint handler directly, it is not clear to me why he was not transferred to that number when he called Lloyds general helpline. It is also not clear why Mr C was not told that he should speak to the complaint handler when he called.

Although I appreciate the complaint handler's phone number was set out in the final response letters, I don't think it would have been unreasonable for Lloyds to notify Mr C when he called that he should speak to the complaint handler instead.

There was further confusion as to the itemised telephone bill Lloyds asked Mr C to provide. It seems to me that what Lloyds was seeking from Mr C was a breakdown of the call costs he had incurred. Instead of making that clear, Lloyds requested an itemised bill from him. I can see why Mr C interpreted this as Lloyds seeking a record of when he had called it. Mr C went to some lengths to obtain a full log of the calls he made to Lloyds.

I don't think it was necessary for Lloyds to require an itemised bill. I say this because one of the issues Mr C was unhappy with was the amount of time it had taken for him to speak to Lloyds. As far as I can see, he was not seeking reimbursement of his call costs, but compensation for the inconvenience he had been put to by virtue of the repeated calls he made to Lloyds.

With all this in mind, I'm provisionally satisfied that it was fair for Lloyds to decline Mr C's transactions. But in its subsequent customer service, Lloyds did not take account of the difficult personal circumstances Mr C repeatedly told it about. Its general communication appears to have been confusing and lengthy. In all the circumstances, I'm satisfied Lloyds needs to take action to put things right for Mr C.

I know Mr C told us about what he would usually be paid for his professional time. However, as this complaint has been brought in Mr C's personal capacity, I don't think it would be fair to require Lloyds to pay an amount equivalent to his professional fees here.

That said, it is clear that Mr C was distressed by his interactions with Lloyds at what was clearly a very difficult time. I think that distress was exacerbated because Lloyds did not adapt its customer service to take account of those difficult circumstances. With all of this in mind, my provisional view is that it would be fair for Lloyds to pay £300 in compensation to Mr C."

Both Mr C and Lloyds responded to my provisional decision to say they agreed with what I said. Lloyds clarified that it had already paid £123 to Mr C and so £177 would be left to pay.

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.

As both parties agree with my provisional decision, I see no reason to depart from my provisional findings. So, for the reasons set out above, I uphold this complaint and require

Lloyds to take action to put things right for Mr C.

Putting things right

Lloyds is required to pay £300 to Mr C to compensate him for the distress and inconvenience I identified above. I understand Lloyds has paid £123 to Mr C already in connection with this matter. Accordingly, it may deduct that amount from the £300 compensation I have directed.

My final decision

I uphold this complaint and require Lloyds Bank PLC to put things right as I have set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 October 2023.

Nicola Bowes
Ombudsman