

The complaint

Mr R complains about the service he received from Lloyds Bank PLC ("Lloyds") in particular it repeatedly blocked payments for fraud checks despite previously making payments to the same payee for large amounts with no issue.

What happened

Mr R holds an account with Lloyds. Mr R completed a faster payment for £41,640 to a beneficiary with no issues. Mr R tried to make further payments to the same beneficiary on 13, 23 and 24 October but Lloyds blocked these payments and asked Mr R to contact its fraud team to answer further security questions. Following Mr R contacting Lloyds Fraud team and answering questions about the transactions Lloyds unblocked the payments and they were paid out.

Mr R complained to Lloyds about the faster payments that it had blocked.

Lloyds didn't uphold Mr R's complaint as it hadn't made an error. It says all payments are subject to review by it and if they have any concerns or queries as to whether the transactions are genuine, it'll block the payments and ask customers to contact its fraud team. Once a conversation has taken place with the customer and its happy with their testimony it'll remove the blocks and the payments can be completed as normal.

Mr R was dissatisfied with this and brought his complaint to this service.

One of our investigators looked into Mr R's concerns and thought that as Lloyds terms and conditions allow it to block payments, they didn't think Lloyds had done anything wrong and given that the payments/investments Mr R was making were considered high risk didn't think Lloyds actions were unreasonable and were in Mr R's best interests. Furthermore, as the payments were unblocked within what they considered a short time period, they didn't think Lloyds had treated Mr R unfairly as it was just following its processes.

Mr R disagreed, he says despite Lloyds knowing he had a condition that makes reading difficult for him the terms and conditions were not made clear to him and has asked for an ombudsman's decision.

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 hope that Mr R won't take it as a discourtesy that I've condensed his complaint in the way that I have. I want to assure him I have considered all the information provided including listening to all phone recordings of conversations provided between him and Lloyds and this service. Ours is an informal dispute resolution service and I've concentrated on what I consider to be the crux of the complaint – our rules allow me to do that.

And the crux of Mr R's complaint is regarding the blocks Lloyds applied to certain payments Mr R was trying to make. He says despite making payments to the same beneficiary previously and for higher amounts Lloyds continue to block the payments resulting in him having to spend a considerable amount of time trying to resolve it and having the payments unblocked.

It might be helpful for me to say here that, as we are not the regulator, I cannot make the bank change its policies or procedures – such as when or how it invokes fraud prevention measures when it has concerns about activity on an account. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

My role is to look at problems that Mr R has experienced and see if Lloyds has done anything wrong or treated Mr R unfairly. If it has, I'd seek to put Mr R back in the position he would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

So the question I have to ask here is was it reasonable for Lloyds to invoke the security procedures in the circumstances of Mr R's case, in particular when it blocked payments to a beneficiary he'd transacted with before and for higher amounts.

And I don't think Lloyds actions were unreasonable. As I've already explained above it's not for me to tell Lloyds how to run its business, but I would expect Lloyds to have policies and procedures in place to protect it and its customers against fraud – and I think Mr R would agree and understand that.

In this case Lloyds systems flagged large payments to a beneficiary that deals in what can be considered in high risk investments. In response to this - in line with the terms and conditions of Mr R's account - Lloyds applied a block until further security checks could be carried out. Mr R called Lloyds to satisfy its security checks and verify the transactions following which the blocks were lifted.

I appreciate Mr R doesn't think this was necessary considering that he'd made payments to this beneficiary before. But each payment Mr R makes has to be considered individually at the time it is made as new information is being received all the time and situations do change. A transaction that might at one time be considered low risk might be deemed higher risk at another point in time. And ultimately the measures Lloyds have put in place are there to safeguard its customers and to ensure it meets regulatory obligations.

I accept having to call Lloyds Fraud department and answer questions about a transaction he believes is legitimate is an inconvenience for Mr R, but sometimes life requires one to spend time dealing with personal administrative matters – such as here. And from what I understand the process took around 30 minutes to complete and Mr R was able to have the payments he wished to make unblocked.

Mr R says that he suffers from a condition which makes reading difficult for him and that the terms and conditions were never explained to him. But Lloyds have told us that notes have been placed on Mr R's account highlighting his condition to staff and that the application for type of account Mr R has with it was made over the phone following a referral from a manager within its specialist banking team. Lloyds say Mr R would've been walked through the terms and conditions before the account was agreed to be opened.

I can't say for sure what Lloyds manager and Mr R spoke about when he opened his account but I think the important terms and conditions would've likely been explained to him given what Lloyds understood about his condition.

In any case even if Mr R didn't fully understand that Lloyds might block some of the payments he wished to make until it conducted further security checks, I don't think it would've made a difference to Mr R's situation as the payments would've still been blocked whether Mr R understood this or not and I've not seen enough to show me that Mr R still wouldn't have gone ahead and opened the account or had to go through similar security checks elsewhere. And of course if Mr R doesn't wish to continue banking with Lloyds due to the security measures it has in place, he is free to move his banking elsewhere.

So, as I haven't seen any evidence to suggest Lloyds hasn't followed its procedures or acted outside its terms and conditions, I don't think Lloyds treated Mr R unfairly and so it follows I don't uphold his complaint.

My final decision

For the reasons I've explained, I do not uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 June 2024.

Caroline Davies
Ombudsman