

The complaint

Mr A complains about Lloyds Bank PLC services whilst he was overseas including the blocking of his debit card.

What happened

Mr A went on a special long haul family holiday to Country A and his complaint is about the following:

Strand 1 – Lloyds said his debit card could be used in Country A and Mr A thinks this isn't true. This is because Lloyds:

- Blocked his card on 21 October 2023, and he couldn't pay a restaurant bill
- Haven't explained the reason for the block
- Told him that to unblock his card he needed to visit a branch and they didn't have one in Country A

Strand 2 – Lloyds were unable to lift the block and Mr A believes their representative and her supervisor lied to him.

Strand 3 – As it took Lloyds several days to lift the block and Mr A was told to visit a branch in another country or in the UK, he had to rely on a family member to make payments and he didn't receive any support.

Lloyds lifted the block on 26 October 2023. They apologised, offered £150 compensation and said the following:

- *'The decision to refer him to a UK branch to complete security, was incorrect and an instance of poor service'*
- They *'may refer or decline payments for security'*
- They said, *'feedback to be given to the manager of the colleague in question, as a training issue'*.

Mr A was dissatisfied with Lloyds' response and brought his complaint to our service, however our investigator thought that Lloyds had handled Mr A's complaint fairly.

As Mr A remains dissatisfied, his complaint has been referred to me to look at.

I issued a provisional decision on 9 April 2024, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, there will be a different outcome to what our investigator proposed.

Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 24 April 2024. But unless the information changes my mind, my final decision is likely to be along the following lines.

What I've provisionally 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.

Having done so, I'm partially upholding this complaint and I'll explain why. I'll focus on what I think are the important points to reach a final decision. But I've carefully considered all the points Mr A has made, even if I don't specifically address them all.

I should first say our service relies on the information provided by both parties and uses an inquisitorial rather than an adversarial approach. Also, where information is incomplete, inconsistent or contradictory, I must reach my decision on the balance of probabilities – in other words, what I consider most likely to have happened in light of the available information.

Strand 1

I can't see that Lloyds have misled Mr A by saying his debit card was valid in Country A.

I note that Mr A says:

'I had previously (successfully) used my card to reimburse the hotel for an amount of about the x (Country A currency) equivalent of £8 which they had advanced to pay for a taxi'.

Also, as mentioned by our investigator, Lloyds' website advises that consumers can use their debit card worldwide wherever they see the Visa symbol and withdraw money in cash machines around the world.

Lloyds haven't explained the reason for Mr A's restaurant payment being declined and banks aren't able to divulge the reasons, as this could compromise their security. I think it more likely than not that Mr A being in another country was a contributory reason. However, for the following reasons, I don't think their action to decline Mr A's transaction, and place an initial block, was unreasonable:

- *Lloyds have both a requirement and responsibility to protect their customers from fraud risks*
- *Lloyds state the following in their terms and conditions:*
 - *'We can stop you making payments, if we reasonably think it is necessary: to keep your account secure, including if you've lost your card or device; because we suspect unauthorised or fraudulent use of your card, device or security details'*

Strand 2

Lloyds have presented evidence which confirms a higher level block was subsequently placed on Mr A's account.

Lloyds accept they provided a poor service at this stage and offered compensation. Also, they refer to an error being made and a training requirement, but they haven't been clear on what the error was.

I considered whether their action to place this high level block on Mr A's debit card was an error. Based on the current information on file it isn't possible to confirm this. This is because there is conflicting information. Lloyds say their fraud representative had concerns that his account might've been taken over because some questions asked weren't answered correctly. But they also say the representative made an error by incorrectly noting that the transaction was in Town A in the UK.

Lloyds also say their representative 'should've asked more exploratory questions' and used more discretion. Also, they shouldn't have referred Mr A to a branch to get his card unblocked.

Although I can't be sure about the reasonableness of placing the high level block on Mr A's account, I think the poor service could of either been the placing of the block, not doing enough to lift the block or both. But what is clear is that Lloyds think they should've done more to prevent Mr A being without access to his card.

As Mr A says he was told the block couldn't be lifted, I can understand why, upon seeing Lloyds' final response letter, he feels he was lied to. However, I don't have information on the security questions asked or the answers provided. Also, information on Lloyds' security system (blocking or unblocking), empowerment or escalation procedures. So, I haven't come to the conclusion that Mr A was misled.

Regarding banking errors, by either the representative and / or her supervisor, we aren't the financial service regulator, and our role isn't to sanction a business or their employees where a service failure occurs. Also, we can't tell a business how to manage their staff. And as Lloyds have employer responsibilities, I don't think it's unreasonable for them not to share details with Mr A.

I recognise that Lloyds' complaint response states feedback and training should be given to the representative and excludes her supervisor. However, as mentioned above, I can't make a requirement here.

Also, there are rules (known as DISP Rules) laid down by the Financial Conduct Authority which means complaint handling is not a regulated activity. So, complaints about how Lloyds manage complaints, including the clarity of complaint response letters, can't be considered by our service.

However, what we can do is consider each individual case and, where we think a business hasn't acted fairly and reasonably in the circumstances, decide what should be done to put right any financial or non-financial losses that a consumer has experienced. So, I can consider whether Lloyds' £150 redress here is fair and reasonable. And I'll address this after looking at strand 3.

Strand 3

It's clear that Mr A was told to visit a branch in another country and, from reviewing the file and his testimony, I'm persuaded that:

- *Mr A communicated that visiting a branch was impractical and that the block left him in a difficult, embarrassing and potentially vulnerable position*
- *The representative or her supervisor didn't escalate Mr A's predicament, so the block could be further assessed, or an alternative found to visiting a branch*

Although it was fortunate that Mr A's family member had means to pay the restaurant and other bills and the card was unblocked several days later, I think Lloyds should've done more to help Mr A and not left him in a difficult and potentially vulnerable position.

Summary

So, having considered the above three strands of Mr A's complaint, I don't think Lloyds should've left Mr A in a position where he didn't have access to his debit card. And, having done so, I think they should've provided him with better support.

I appreciate Mr A is not seeking financial redress here and the matter was rectified several days later, however I don't think Lloyds' compensation of £150 is sufficient. This is because I'm satisfied the above events caused Mr A upset, distress, inconvenience and a loss of confidence.

Assessing compensation isn't an exact science and our approach when making awards for non-financial loss is detailed on our website and tends to be modest.

Having considered the impact information on file, alongside our guidance, I think the compensation amount here should be increased to £250.

My provisional decision

For the reasons I've given above, it's my provisional decision to partially uphold this complaint.

I require Lloyds Bank PLC to pay Mr A £250 compensation less any amounts already paid.

I'll look at anything else anyone wants to give me – so long as I get it before 24 April 2024.

Unless that information changes my mind, my final decision is likely to be as I've set out above.

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 would like to thank both parties for their responses.

Lloyds didn't offer any comment, but they agreed with the provisional decision.

Mr A wished to add a few points and further information. These included the following:

- A. He was never told that the stop on his card was lifted on 26 October 2023, when he and his family were still in Country A. So, he thought nothing could be done until he was back in the U.K.
- B. Even when he visited a Lloyds branch, after returning from Country A, he wasn't immediately told that the stop had been lifted and he had to wait for approximately 45 minutes before being informed. He explained that he and his wife both experienced card issues which has led him to believe '*Lloyds have an undeclared policy against the use of the x (Global Merchant Portal A) system*'
- C. Due to the above, Lloyds' action to block his card would've been catastrophic had it not been for his family member having a useable payment card
- D. He would like Lloyds '*to take steps to prevent others falling into the trap I did. Or at least (if such be the case) explain that use of cash machines works, but that use of the x (Global Merchant Portal A) system doesn't.*
- E. More information on his call with Lloyds' fraud team
- F. He emphasised his '*objective is protection of other Lloyds customers who visit Country A - rather than financial redress*'.

I made enquiries with Lloyds about A and B and considered the following responses:

Regarding Point A, Lloyds said:

- *'I can confirm that we attempted to call Mr A on 26/10/2023 and we left a message on his mobile phone with our overseas contact number so he could call us back however he didn't call. I feel we made a reasonable attempt to let Mr A know the block was lifted. There was nothing more we could have done at this point. I have arranged for a copy of the call to be sent to you'.*

Regarding Point B, Lloyds said:

- *'A letter was issued on 26/10/2023 advising the block had been lifted. Notes were also added to the account. The branch decided to call fraud to check the blocks were removed as Mr A had advised them he was told to visit a branch with ID. This call took 20 minutes to complete. I have arranged for a copy of the call to be sent to you'.*
- *'Fraud had to carry out some investigation before confirming the blocks were removed from the card which takes time. Although Mr A may have been unhappy at the time in the branch, the branch acted in his best interest to make sure the block was fully removed. I feel that the bank did everything it could do to let Mr A know the blocks were removed. If he had returned our call, we would have confirmed this on 26/10/2023'.*

I then considered everything again including the calls relating to Points A and B.

I understand and appreciate Mr A's objective. Although I think it's likely Lloyds review all complaints and assess lessons learnt where complaints are upheld by either their complaints teams or our service, I'm unable to tell Lloyds to make modifications to their policies, procedures, processes or systems. This is because we aren't the financial service regulator. And, when things go wrong for consumers, our role is to assess whether a business has acted fairly and / or reasonably in the circumstances. And, if they haven't, to decide what should be done to put right any financial, or non-financial losses that a consumer has experienced.

Having considered all the file submissions:

- I'm still not upholding strand 1. Although there is a lack of information, I'm not persuaded that Lloyds misled Mr A.
- I'm still upholding strand 2. Although I don't think Lloyds lied to Mr A, I'm satisfied they didn't do enough to prevent Mr A being without access to his card in Country A. And although it was very fortunate that a family member had a useable payment card, I can fully understand the anxiety and embarrassment this caused Mr A on his special family holiday.
- I'm still upholding strand 3, as I'm satisfied Lloyds' fraud staff left him in a difficult and potentially vulnerable position. Although this period was longer than originally indicated, I can see that Lloyds did attempt to contact Mr A several days later.
- I'm persuaded that strand 2 and 3 service errors caused Mr A upset, distress, inconvenience and a loss of confidence.
- I still think the compensation amount here should be increased from £150 to £250.

My final decision

My final decision is that I partially uphold this complaint and I require Lloyds Bank PLC to:

- Pay Mr A £250 compensation less any amounts already paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 June 2024.

Paul Douglas
Ombudsman