

The complaint

Mrs M complains about the service provided by Lloyds Bank PLC ('Lloyds') when it stopped a payment she wanted to make online.

To put things right Mrs M would like Lloyds to pay her financial redress for the inconvenience.

What happened

Mrs M tried to complete an online purchase using her Lloyds debit card. Lloyds declined the payment, despite Mrs M having ample funds in her account to cover the transaction.

After speaking to Lloyds over the phone, the payment was authorised, but Mrs M complained to Lloyds about what happened. She was particularly concerned that her first payment attempt had been declined without giving her any option to confirm the transaction. And when subsequent payment attempts failed, and she called Lloyds in response to a text message received, this resulted in the payment being approved without any clear reason or explanation for it being declined in the first place.

Lloyds didn't uphold Mrs M's complaint, mainly saying:

- it had declined the payment due to security checks and its systems had worked as intended.
- There wasn't an option to authorise payment through the app where there was concern that a payment may not be genuine.
- Although Mrs M had been concerned about trusting the text messages sent to her phone, this was the procedure Lloyds had in place to protect her account.

Mrs M didn't feel this was a satisfactory response and so she brought her complaint to us.

Our investigator said he wouldn't be asking Lloyds to take any further action. He said that Lloyds had acted in line with its terms and conditions and explained that transactions can be randomly sent for security checks. He said Lloyds hadn't done anything wrong, and it had been reasonable for Lloyds to ask Mrs M to verify the payment before allowing the transaction to complete.

Mrs M disagreed with our investigator. She believes that Lloyds is in breach of its own terms and conditions because it doesn't advertise that a customer's debit card will be blocked without prior warning. And she feels that if fraud was suspected, she should have been given a chance to confirm the payment via her mobile banking app, as happens elsewhere.

Mrs M has asked for an ombudsman to review her complaint, so it comes 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 can understand why what's happened has been upsetting and frustrating for Mrs M. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

In order to uphold Mrs M's complaint and award the redress she is seeking I would have to find that Lloyds made an error or acted in a way that wasn't fair and reasonable and this led to Mrs M suffering financial loss or some other detriment. So I've looked at what happened with this in mind.

Lloyds has explained that its fraud systems have been designed in the interests of Lloyds customers to help keep their money safe and prevent fraudulent activity on their accounts.

The relevant account terms and conditions, which Mrs M would've agreed to in order to be able to use her account, allowed Lloyds to refuse her payment instruction in these circumstances.

I can appreciate this left Mrs M feeling frustrated when this happened to her. But I don't find that Lloyds made any error or did anything wrong when its system flagged up the need for a check and blocked the payment Mrs M wanted to make.

Nonetheless, Lloyds still needed to act in a fair and reasonable way towards Mrs M. I've thought carefully about this. Lloyds is required to satisfy regulatory requirements and have in place measures to combat fraud and it has a duty of care to protect customers' money.

When a bank declines a transaction, it doesn't necessarily mean it suspects its own customer of fraud – its systems are set up to help ensure that its customer doesn't become a victim of fraud. I don't think it was unreasonable for the call handler to ask Mrs M questions about her account activity. I think it was a useful way to try and establish whether Mrs M recognised the transactions and that these had all been authorised by her.

When she confirmed this information, Lloyds allowed the transaction to complete. So, I don't think Lloyds acted unfairly or unreasonably when it took the steps it did to verify what it needed to know about Mrs M's payment request. And I am satisfied that Lloyds didn't hold up the payment for any longer than was fair and reasonable.

Mrs M feels that she should have had an option to verify the online payment via her Lloyds banking app as she has biometrics installed as part of her phone security. But this wouldn't necessarily alert Lloyds if Mrs M was, for example, being coerced or duped into making a payment or a fraudster was in control of her unlocked phone. I don't think it's unreasonable that Lloyds requested her to call in and discuss the transaction before authorising payment.

I'm sorry that this was a frustrating experience for Mrs M overall. But I haven't seen enough to uphold her complaint and award the compensation Mrs M would like me to. Sometimes a bank identifies and blocks legitimate payments that a customer wants to make. Understandably, this can cause concern and inconvenience to a customer – but, as here, it doesn't necessarily mean the bank has acted incorrectly or unfairly.

I appreciate that my decision will be disappointing for Mrs M, but I hope that setting things out as I've done helps her to understand how I've reached my conclusions.

My final decision

My final decision is that I don't uphold Mrs M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs M to accept or reject my decision before 8 October 2024.

Susan Webb
Ombudsman