

## **The complaint**

E, a limited company, complains that Lloyds Bank PLC blocked their account without notification. When they contacted the bank, they were told an investigation was being carried out. They'd like compensation for the inconvenience caused.

## **What happened**

The background to this complaint is well known to both parties, and largely not in dispute. So, I will cover it off only briefly here. In late April 2024 E discovered they could not access their Lloyds account. When they contacted Lloyds, they were asked about a £5,000 payment into the account that had been reported as fraudulent.

Lloyds were satisfied with E's explanation for the payment, and the blocks were removed four days after they were applied. E complained about the impact of the blocks on their business, but Lloyds responded to say that it was not their intention to disrupt the business and noted their comments.

Unhappy with this response E referred their complaint to our service. But our investigator didn't think Lloyds needed to do anything further – reasoning that it was reasonable to block an account after a report of fraud, and there was provision for this in the terms of E's account.

E disagreed, saying they did not sign up for such terms. As no agreement could be reached the complaint has been passed 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.

Like all regulated financial businesses in the UK, Lloyds have numerous legal and regulatory obligations to meet when providing account to their customers. Some of the most important obligations are around monitoring and reviewing account for signs of financial distress or financial harm – such as fraud.

In this case Lloyds have explained that a payment made to E was reported as fraudulent by the sender – and I'm satisfied the bank genuinely received this report. Its important banks take these types of reports seriously and investigate what has happened, as Lloyds did here. And I see that it's appropriate for them to suspend access to the account while they do.

There is provision in the terms of E's account for suspending access to accounts if Lloyds "*reasonably suspect fraud*". There's no requirement for Lloyds to give an advance notice to their customers before applying any blocks, and in many cases it would be unwise to do. Here, I'm satisfied Lloyds have acted within their terms – and wider industry practice in limiting access to E's account.

I can see from the bank statements that regular payments – such as direct debits – were still made during this period. And I can also see that the blocks were removed within five working days. I'm satisfied that the investigation was completed in a reasonable timeframe.

I've no doubt this was frustrating to E. And it's accepted by all parties that E was entitled to these funds. But it's not unreasonable for the bank to have acted in the manner they did. As such I don't see that the bank need to do anything further.

### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask E to accept or reject my decision before 14 March 2025.

Thom Bennett  
**Ombudsman**