

The complaint

Mrs P has complained on behalf of Mr P that Lloyds Bank PLC unfairly blocked his bank account.

What happened

Mr P opened a bank account with Lloyds to take advantage of an offer of a £175 switching bonus. There was a fee of £3 a month on the account unless £2,000 or more was paid into the account that month.

On 1 April 2024 £1,000 was transferred into the account from an account with another bank, which I'll call Bank B. Shortly after Mr P logged into online banking to transfer £990 back to his account with Bank B. It was his intention to then transfer a further £1,000 to his Lloyds account to avoid the monthly fee. But the transfer out of his account was flagged for an additional security check. Mr P was asked to call Lloyds regarding the payment.

Mr P said he called Lloyds the next day. Lloyds said it wasn't sure during the call that it was speaking to him. The caller said they weren't speaking on someone else's behalf. So it asked Mr P to visit a branch in person with identification in order to complete the payment.

The caller asked for the account to be closed and £1,000 to be returned to Mr P's account with Bank B. The caller then explained that they were housebound and terminally ill.

Lloyds returned the funds to Bank B with a small amount of interest. It said as the account was closed shortly after it had been opened, Mr P wasn't entitled to the switching incentive.

Mr P feels Lloyds failed to make allowances for his disability and unfairly deprived him of the £175 switching bonus.

His complaint was referred to this service. Our Investigators didn't uphold it. They didn't think Lloyds had acted unfairly. As Mr P didn't agree, the matter has been referred to me.

In response to the Investigator's view, Mrs P told us she has a power of attorney authorising her to act on Mr P's behalf, including by telephone.

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.

Banks have a duty to have robust procedures in place to safeguard customer accounts from potentially fraudulent transactions. Where a bank suspects fraud, it must take positive action on a customer's behalf. To prevent fraud a bank may block an account and prohibit transactions if it thinks someone has attempted to gain access without the account holder's permission. Lloyds' terms and conditions allow them to refuse to make payments if they believe they may not have been authorised by the account holder.

I understand that when Lloyds blocked Mr P's account, it was an inconvenient and frustrating experience for him, particularly as he both struggles to talk on the phone and is housebound. But I think Lloyds had good reason to suspect the person contacting it might not have been Mr P as it sounded like a female voice on the call. And I think on this basis it had reasonable cause for concern about the security of his account. I'm persuaded it acted fairly in blocking the account. This was as much for his protection as it was for Lloyds'. Shortly after it closed the account and returned all the funds to Mr P's account with Bank B. I think that was a fair outcome in the circumstances as unfortunately Mr P wasn't going to be able to visit a branch in person with identification and the account closure had been requested by him.

Mr P has complained that Lloyds discriminated against him by telling him he needed to visit a branch in person with identification. In other words, it has failed its duty to make reasonable adjustments under the Equality Act 2010. I've taken the Equality Act 2010 into account when deciding this complaint – given that it's relevant law – but I've ultimately decided this complaint based on what's fair and reasonable. If Mr P wants a decision as to whether Lloyds has breached the Equality Act 2010, then he'd need to go to Court.

The caller asked for the account to be closed before making Lloyds aware of Mr P's disability. The next day Lloyds agreed to return Mr P's £1,000 to his account with Bank B without requiring any identification and it closed the account. Lloyds said this was outside its normal procedure but it allowed this in recognition of the fact that Mr P wouldn't be able to visit a branch because of his disability. I think that was reasonable in the circumstances.

I accept that Mrs P was entitled to act on Mr P's behalf, including speaking to his bank on the phone. But the existence of the power of attorney hadn't been disclosed to Lloyds when the account was opened. During the call Lloyds was told that no one was speaking on Mr P's behalf. So I don't think it was unreasonable for it not to accept instructions from anyone that might not have been Mr P at that stage.

Mrs P says she was forced into closing the account. I can understand why she made that decision. However, if Lloyds had been made aware of Mr P's health problems and the existence of the power of attorney before the account closure was requested, it might have been able to offer an alternative method of verification which would have been more convenient for them.

I appreciate that Mr P lost the opportunity to get the switching bonus of £175. But as the decision to close the account was made by him (or Mrs P on his behalf), unfortunately he was no longer eligible to receive it.

I am sorry to disappoint Mr P, particularly in view of his poor health, but I'm not convinced that Lloyds has treated him unfairly or unreasonably.

My final decision

For the reasons explained above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 November 2024.

Elizabeth Grant
Ombudsman