

The complaint

Mr T complains about the service he received from Lloyds Bank PLC (“Lloyds”) when it applied a block to his account following an attempt to make a payment of £940 to a friend. He is unhappy Lloyds requested he go through security checks and asked him to attend a branch in order to have the block removed.

What happened

Mr T attempted to make an online bank transfer of £940 to his friend. Lloyds automated security systems flagged the payment for an extra security check and notified Mr T the payment and his account had been blocked and asked him contact its fraud team to go through further security checks.

Mr T called Lloyds as requested but as the line wasn’t clear and he got disconnected on more than one occasion Lloyds wasn’t able to satisfy itself it was talking to Mr T and that the payment was legitimate and so asked Mr T attend a branch of it with his ID.

Mr T complained to Lloyds about this as his account is still blocked for no reason and it is very inconvenient for him due to work commitments to attend a branch to have the block removed and his friend didn’t get the money he needed in time.

Lloyds didn’t uphold Mr T’s complaint. It says it has acted in line with its policy in asking Mr T to attend a branch when it wasn’t able to verify Mr T or the payment he wished to make over the phone and so hasn’t made an error or done anything wrong.

Mr T was dissatisfied with this and brought his complaint to this service. Mr T doesn’t think it is fair that he is required to attend branch with ID in order to remove the blocks as it is difficult for him to do so due to work commitments meaning he is only able to do this on a Sunday.

One of our investigators looked into Mr T’s concerns but didn’t think Lloyds had treated Mr T unfairly or had made an error in blocking the payments as it has a duty of care to safeguard its customers money and the account terms and conditions allowed Lloyds to do this.

Mr T disagreed 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 T won’t take it as a discourtesy that I’ve condensed his complaint in the way that I have. 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 T’s complaint is that Lloyds unreasonably applied a block to his account when he attempted to make an online payment to his friend and won’t remove the block until he attends a branch which is very inconvenient.

It might be helpful for me to say here that, I don't have the power to tell Lloyds how it needs to run its business and I can't make Lloyds change its systems or processes – such as how or when payments are processed or held for fraud prevention. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Lloyds needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place – in this case carrying out checks on outgoing payments that meet certain criteria for fraud prevention - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Mr T understands this is needed not only to protect businesses against criminal activity, but also their customers.

It is clear to me how frustrating this matter has been for Mr T – and I sympathise. But overall, I can't say there has been an error on Lloyds's part as I don't think the actions it took were wrong.

I say this because my understanding is that Mr T had registered four new devices for online banking in the week leading up to the payment and the payment itself was not for an insignificant amount of money. In the circumstances I don't think it unreasonable that Lloyds systems flagged the payment for further checks and as part of its processes applied a block to Mr T's account so it could carry out these checks and ensure the payment was legitimate.

Usually, a block such as was applied in Mr T's case can be lifted following security checks being carried out over the phone with Lloyds fraud department, but unfortunately, due to a phone line that wasn't very clear and calls being disconnected Lloyds's agents weren't able to verify Mr T over the phone. And as there were at times long time lapses between Mr T being asked a question and him answering it and Mr T also providing some inconsistent information, Lloyds continued to have what I think are legitimate concerns and so require Mr T to visit a branch with ID in order to have the blocks lifted.

I appreciate Mr T has been both distressed and inconvenienced by this, but the actions Lloyds took are allowed under its terms and conditions and is in-line with its regulatory obligations and ultimately, is taking this action to protect Mr T's interests. And as Mr T still is able to use his debit card to transact, his existing direct debits are being paid and credits into his account received, I don't think Lloyds have acted unreasonably or treated Mr T unfairly and so it follows I do not uphold this complaint.

My final decision

For the reasons I've explained, I've decided not to uphold Mr T's complaint Lloyds Bank PLC.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 19 February 2025.

Caroline Davies
Ombudsman