

The complaint

Mrs K is a director of the limited company T. This complaint is about what happened when Mrs K visited a branch of Lloyds Bank PLC to check on T's business banking application.

What happened

Before I set out the details of this issue, I'd like to clarify that I'm currently looking at the complaint our service has considered in the name of T, Mrs K's business. Mrs K has recently asked us to consider a separate complaint about the same incident in her own name. Our service has provided a separate decision on that matter. Nothing I say here affects the outcome of that case.

Mrs K is a director of the limited company, T. She told us that T had made an application to Lloyds for business banking services some weeks earlier, but not heard anything. So she popped into a branch of Lloyds to check on the progress of that application.

Mrs K said at first the staff member didn't deal with her request, just taking her documentation away and leaving her waiting. Then the staff member queried why she was in that branch, which wasn't close to her home. Mrs K explained she was visiting her partner. The staff member told Mrs K she could not find the application, and gave her a number to call for business banking, but that part of the bank is closed on weekends.

Mrs K said she was offered a seat, but within a few minutes of sitting, she was approached by two uniformed police officers, who said they were told she'd been making different transactions in different branches, trying to take out cash. Although Lloyds isn't responsible for the actions of the police, I note that Mrs K was also very upset by how the police handled this matter.

It's clear that Mrs K was not the person the police were looking for, and no action was taken here. But Mrs K says that her treatment was motivated by racism, and she said her human rights had been breached.

Lloyds said its staff had phoned the police. It said that was done because Mrs K fit the description of someone who had been trying to fraudulently withdraw money from bank branches in that area. Lloyds said that this was just deeply unfortunate, and it didn't accept that its staff had been racist. But it did want to apologise, and it offered Mrs K £200 in compensation.

When this complaint came to our service, Lloyds said it had thought again about this, and felt it should pay Mrs K more compensation. It said that Mrs K had been interviewed in public before things were resolved, and she had only been in the branch checking on the progress of an application. She hadn't made any request to withdraw funds.

Lloyds said although it still thought this was a case of mistaken identity, it also thought that Mrs K should not have been subject to an interrogation by police. It offered a further £300,

taking its total compensation up to £500. And it apologised again for what had happened, saying it wanted to do better in the future.

Our investigator thought that provided a fair outcome here. She has explained to Mrs K that our service could only consider a complaint brought by her business, T, not by her personally. And this limits the compensation that our service can award. So she thought Lloyds' offer of a total of £500 in compensation provided a fair outcome here.

Mrs K disagreed. She said that this wasn't T's complaint, it was a complaint about what happened to her personally, and about how that affected her. She said we hadn't taken account of that, and about the lasting impact this had on her. She said she'd sought counselling to cope with this, but the payment of £500 that Lloyds had offered wouldn't pay for that. She still thought her human rights had been violated, and said she wanted to stress the racial undertones of the incident. She said she'd asked for the CCTV footage of the incident, but been told that it was no longer available. Mrs K said she didn't believe that, she thought Lloyds was withholding the evidence because it would show how she'd been treated. She wanted Lloyds to make a public apology, and to provide anti-discrimination training for its staff. And she wanted it to pay more compensation.

Our investigator said she didn't doubt that Mrs K found this experience deeply distressing. But she didn't think our service could look into a complaint from Mrs K as an individual about what happened to her. So she didn't change her mind. This case was then passed to me for a final 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've reached the same overall conclusion on this complaint as our investigator. I won't be able to ask Lloyds to do more than it has offered to do, in this case. I understand that Mrs K will be disappointed and upset to hear this, so I'll explain why I've reached that view.

Firstly, I should say that I do think Lloyds' staff members made a mistake here. The alert Lloyds had received was apparently about someone who was seeking to make a number of cash withdrawals at different branches in the area. And Lloyds has never suggested that Mrs K was asking to make any withdrawal. Mrs K has been clear and consistent about her reasons for attending the branch – she was following up on T's application for business banking, which had received no response.

So, I think the branch ought to have considered it was unlikely that Mrs K was the person the police were looking for. Lloyds isn't then responsible for the actions of the police officers who attended the branch, but I think a private space in the branch should have been offered by branch staff (particularly as it must always have been somewhat doubtful whether Mrs K was the person sought). It apparently wasn't, so Mrs K was interviewed in the banking hall.

I entirely accept that this incident distressed Mrs K at the time, and that she continues to be affected by it. I know that Mrs K believes her treatment was motivated by racism. It's not part of the role of our service to make a finding on whether the Equality Act has been breached. But given Mrs K's experience in branch and Lloyds initial response to her complaint, I can quite understand why she would feel that way. I've explained above that I'm not persuaded that Lloyds' initial response here was appropriate. I'm also not persuaded that when Mrs K first complained, Lloyds took her concerns as seriously as I would expect.

However, that unfortunately does not mean I'm able to do as she asks, and increase the compensation in this case, as well as ask Lloyds to take remedial action for the future. I can only act within the rules governing our service.

As our service has previously set out for Mrs K, this complaint is T's complaint. That's the reason Mrs K was in the branch on that date, and that's the only complaint that we have jurisdiction to consider here. But that comes with limitations on any award our service can make. Because this is T's complaint, we can only look at how what happened has impacted T. We cannot require Lloyds to pay compensation directly to Mrs K herself. And we cannot direct Lloyds to make a payment of compensation to T, based on an assessment of how Mrs K herself has been impacted here.

Our investigator said that she felt Lloyds' offer of £500 total in compensation did provide a fair outcome here. And, given the limitations on what I can award here, I agree with this.

I should stress that this isn't because either our investigator or I think that this is a fair outcome for the impact of these events on Mrs K. It's simply that the rules of our service don't allow us to take how Mrs K herself has been affected, into account here.

I'll now ask Lloyds to make the second payment, of £300, that it has previously offered, which will take the total compensation paid in this case up to £500.

My final decision

My final decision is that Lloyds Bank PLC must pay T the sum of £300, in addition to the payment of £200 that it has already made for this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 7 March 2025.

Esther Absalom-Gough
Ombudsman