

The complaint

Mrs W complains that Lloyds Bank UK plc ('Lloyds') unfairly declined her loan application and blocked her bank account.

Mrs W wants Lloyds to recognise the distress they've caused her and grant her loan application.

What happened

Mrs W complained to Lloyds, and subsequently to the Financial Ombudsman Service, that Lloyds had treated her unfairly and this had a profound impact on her health.

Mrs W said she'd been honest with Lloyds about why she'd applied for a loan, but felt they penalised her for telling the truth. She said she needed £8,000 to send to her partner abroad, so he could pay taxes and transfer her £2.7 million from his offshore account. Mrs W said she was expecting Lloyds to approve this as she'd be able to repay the loan in full once this transfer was complete.

Mrs W explained that the loan was important to her because it would enable her partner to move back to the UK and look after her, as unfortunately she's not been well.

Mrs W said Lloyds treated her as though she was being scammed, and didn't believe her when she said everything was genuine. She said it was highly distressing for her to attend a branch only to have Lloyds call the police to talk to her. Mrs W said this had a terrible effect on her health and she was hospitalised as a consequence.

Mrs W also said there were other issues using her Classic Account around the same time. For example, Mrs W was unable to make transfers and pay for her shopping in a supermarket, because her account was blocked between 16 January 2025 and 30 January 2025, and between 13 February 2025 and 17 February 2025. This caused Mrs W embarrassment and stress, and she'd needed to call Lloyds and attend a branch to get this sorted out.

Lloyds responded to Mrs W's complaint saying they were very sorry to hear their actions had caused Mrs W trouble and upset, but they'd had to temporarily block Mrs W's account because of fraud concerns, and they wouldn't always be able to tell a customer in advance of doing this. They confirmed Mrs W's account was now unblocked.

Lloyds also said that Mrs W's loan application had been declined because Lloyds had decided it wasn't in her best interests to have the money, and they weren't satisfied it was affordable. Lloyds said their decision was influenced by the regulations they are obliged to follow, one being about responsible lending, and an assessment of risk to both Mrs W and to their business.

When this matter was reviewed by an investigator at the Financial Ombudsman Service, they concluded that Lloyds hadn't treated Mrs W unfairly. Mrs W strongly disagreed, and the matter came 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've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

I am very sorry to hear of the troubles Mrs W has faced and how this matter has affected her health and wellbeing. I want Mrs W to know that I've read all of her emails to this service setting out her concerns and detailing how she's been impacted by Lloyds' decision not to loan her the £8,000.

I was also sad to hear of further upsetting setbacks since Mrs W has been in hospital. This has certainly been a very distressing time for Mrs W and I do hope things get better for her.

I don't wish to make matters worse for Mrs W but having thought very carefully about this matter I've reached the conclusion that I'm not able to help Mrs W on this occasion.

I am sorry to disappoint Mrs W but this means I have decided not to uphold her complaint, for broadly the same reasons as our investigator. I'll explain why.

The role of the Financial Ombudsman Service isn't to tell firms like Lloyds to lend to people, that's something Lloyds have to decide for themselves by applying their lending criteria and following the rules and regulations of the Financial Conduct Authority.

The Financial Ombudsman Service can look into complaints about firms like Lloyds and see whether someone has been treated fairly and reasonably, in line with what we'd expect. So that's what I've looked into here.

Lloyds have a responsibility to protect their customers and themselves from potential fraud and scams, as part of being a responsible lender. The key word here is 'potential' – it doesn't have to be a proven fraud or scam.

Lloyds said that they were under an obligation to take action on Mrs W's account because they were concerned about a potential fraud or scam. This was why they'd placed a block on Mrs W's account.

I've looked at Lloyds' records to show the action they took, and the reasons for this. There's nothing to suggest to me that Lloyds acted outside of what was expected of them here under the rules and regulations they have to follow. The terms and conditions of Mrs W's Classic Account, which I've reviewed, set out that Lloyds can refuse to honour payments and transactions, and block an account, where they suspect fraudulent activity. I know this isn't what Mrs W wants to hear, but I haven't identified that Lloyds did things wrong in these circumstances.

I recognise it was distressing to go into Lloyds' branch for help, only for the police to be called. I think it's completely understandable that Mrs W's wellbeing was impacted when she heard the accusations that a loved and trusted person may be exposing her to harm, especially as she's known this person for a long time. I can imagine that it was a big shock to be confronted with this suggestion, and very upsetting.

However I don't think it was wrong for Lloyds to ask the police to speak to Mrs W about the possibility she was being scammed or manipulated. Lloyds are very experienced in being able to notice the signs of potential fraud and scams and I think it was fair, and in Mrs W's best interests, for them to act on their concerns. I think it would have been very difficult for Lloyds to avoid this being an upsetting experience for Mrs W, in the circumstances.

Lloyds said that when assessing Mrs W's loan application, they'd considered Mrs W's creditworthiness and their need to protect both Mrs W and their business from potential financial risks. That means they looked at whether the loan was affordable to Mrs W. I know Mrs W wanted Lloyds to take account of her partner's money reaching her account in a few weeks, but I wouldn't expect them to do this as this was money from a third party and (from their perspective) not guaranteed. And as I've said above, I can't force Lloyds to lend to Mrs W, just like I can't force Mrs W to bank with Lloyds.

I realise this puts Mrs W in very challenging situation, and she's highlighted that she feels Lloyds are stopping her from accessing her partner's support. She explained to Lloyds why she thought their decision was wrong and unfair, given she was absolutely certain there was no scam involved.

In these circumstances, I'd expect Lloyds to conduct a review of their decision. I've identified that Lloyds did this when considering Mrs W's complaint. Lloyds then spoke with Mrs W and wrote to her again. Lloyds said that their decision hadn't changed, and they were sorry they hadn't been able to support Mrs W with the loan.

I know this wasn't the outcome Mrs W wanted, but I think Lloyds treated Mrs W fairly by reconsidering her application and giving the main reason they'd declined her application.

I acknowledge Mrs W says she doesn't want or need Lloyds' protection. However I was pleased to see that Lloyds recognised the difficulties Mrs W's been facing and that they invited Mrs W to contact them further about things they might do to support her with her banking, given her ill health. The Financial Conduct Authority provides guidance to firms about how they engage with vulnerable customers, and Lloyds are obliged to follow this.

Bringing everything together, I don't think Lloyds have acted unfairly towards Mrs W in these circumstances. I know my findings aren't what Mrs W wants to hear and I don't wish to add to what is already a very difficult time for her. I recognise the impact this matter has had on Mrs W, but as I've not found Lloyds have done anything wrong I won't be asking them to take any action here.

I'm aware that Mrs W doesn't currently have as much support here in the UK as she'd like, and she's due to leave hospital soon. Mrs W is welcome to contact the Financial Ombudsman Service for details of organisations that can assist her with both personal and money matters.

I am sorry not to be able to help Mrs W more on this occasion. I hope I've been able to clearly explain why I've reached my decision, and that things get better for her in the near future.

My final decision

For the reasons I've outlined, my final decision is not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 13 June 2025.

Clare Burgess-Cade
Ombudsman