

## The complaint

Mr L 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 large transfer online to buy a van.

## What happened

On 2 May 2024 having travelled two hours from home Mr L attempted to make an online bank transfer of £7,680 to buy a van. Mr L says he was sent a security text to his mobile as per usual to approve but instead of the transaction going through Mr L was asked to call Lloyds to give extra details for security. Lloyds system flagged the payment and applied a block to Mr L’s online banking.

Mr L called Lloyds as instructed but as the transaction he wished to make didn’t pass all the security checks he wasn’t able to send the payment and Mr L was asked to attend a branch of it with his ID which wasn’t possible for him as it was late at night. Mr L says he then received another text asking him to again call Lloyds. Mr L called Lloyds and was told the payment had gone through and so he waited an hour with the seller who was checking to see if it arrived and when it didn’t Mr L called back only to be told it couldn’t be completed.

The following day Mr L complained to Lloyds about all of this. Mr L was extremely unhappy as he was two hours away from his home and was unable to buy the van he wanted.

Lloyds didn’t uphold Mr L’s complaint about blocking the payment. It says it has several tools in place to monitor its customers accounts and to carry out security checks if it spots something that causes it concern. In Mr L’s case the correct process was followed in blocking the payment and no error was made on its behalf in this regard. But it agreed Mr L had been inconvenienced by the process and compensated him £50. Following Mr L attending branch Lloyds removed all blocks and his online banking was restored.

Mr L was dissatisfied with this and brought his complaint to this service. Mr L says as a result of Lloyds actions he wasn’t able to pay for the van and wasted 6 hours of his time, fuel and two hours of the seller’s time causing him a significant amount of stress and embarrassment. Mr L says he’s lost faith in Lloyds as he can’t trust that he’ll have access to his money when he needs to.

One of our investigators looked into Mr L’s concerns but didn’t think Lloyds had treated Mr L 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. They agreed that Mr L was provided with incorrect information regarding the payment, but as they didn’t think this made a difference to Lloyds security processes and the overall outcome, they thought the £50 compensation Lloyds already paid was a fair way to settle his complaint.

Mr L disagreed. Mr L says the compensation offered is an insult to a customer who has a substantial amount of money in their Lloyds account 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.

My role is to look at problems that a consumer has experienced and see if the business has done anything wrong or treated them unfairly. If it has, we seek to put the consumer back in the position they would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

Mr L is unhappy about the service he received from Lloyds when it applied a block to his online banking whilst he was attempting to buy a van.

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 L 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 L and I sympathise. Mr L was two hours away from home and unable to carry out the purpose of his trip - to buy a van. 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 Mr L had attempted to make an online payment outside his local area using the seller's computer, for a not insignificant amount of money, to purchase a van – the type of purchase where fraud is increasingly common. 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 L's account so it could carry out these checks and ensure the payment was legitimate.

In some cases, a block such as was applied in Mr L's case can be lifted following security checks being carried out over the phone with Lloyds fraud department. But unfortunately, in this case not all the security checks were passed and so Lloyds's agents weren't able to lift the block and process the payment. And as Lloyds continued to have legitimate concerns it required Mr L to visit a branch with ID in order to have the blocks lifted.

I appreciate Mr L 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 L's interests. And so I don't think Lloyds acted unreasonably or treated Mr L unfairly here.

But Lloyds have agreed that although it was entitled to apply this block that its processes caused Mr L some inconvenience and have compensated Mr L £50 for this error which I think is a fair way to settle Mr L's complaint.

I understand Mr L doesn't think that £50 compensation is enough as he says he lost a days

worth of work, Lloyds wasted both his and the sellers time and can no longer trust his bank account will work when he needs it to. But as I've already explained, despite the inconvenience Mr L suffered, I don't think Lloyds made a mistake applying the blocks. I accept Mr L may have been given incorrect information about the status of his payment, but I don't think this made a difference to the overall outcome. I say this as Mr L would've still made the trip to purchase the van, and Lloyds still wouldn't have been able to process the payment without verifying Mr L's ID.

When assessing reasonable compensation, we look at the actual impact caused to the customer by any errors made. It is not our role to penalise or punish businesses for this – that is the role of the regulator. So on this basis I think the £50 compensation Lloyds have paid Mr L is fair for the impact Lloyds error caused as I'm not persuaded any uplift of compensation is warranted.

### **My final decision**

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 25 June 2025.

Caroline Davies  
**Ombudsman**