

The complaint

Mr W complains that Lloyds Bank PLC unfairly blocked his account and provided misinformation about what was happening and misled him about closing the account.

To put things right, Mr W would like Lloyds to apologise and pay him further compensation to reflect the full impact its actions had on him.

What happened

In October 2024, Mr W received a substantial five-figure payment into his Lloyds' bank account. Shortly after, he made three transfers out to his savings account held with another bank. At this point, Lloyds flagged his account for review and blocked his account in order to freeze the remaining balance held.

Mr W found out about this when he next attempted to sign-in to his online banking. Through his representative, he immediately contacted Lloyds and was mistakenly informed that Lloyds would be closing all his accounts. He was also incorrectly told that Lloyds had contacted the bank that sent the payment to Mr W's Lloyds' account.

Lloyds agreed it had misinformed Mr W and paid him £200 compensation for the frustration and upset this caused. Unhappy with this response, Mr W brought his complaint to us.

Our investigator didn't think that Lloyds needed to do anything more. Briefly, the investigator felt that Lloyds had been entitled to block the account in these circumstances and that the compensation paid was fair and reasonable to reflect the poor service aspects of the complaint.

Mr W disagreed with the investigator's view, mainly saying that it had been unnecessary to block the account and it took too long for things to be sorted out. Mr W felt that what happened had a disproportionate effect on him due to his neurodiversity, which hadn't been properly acknowledged. Mr W asked for an ombudsman to review his complaint, so it has been passed 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 can appreciate why what's happened was upsetting and frustrating for Mr W, and I don't seek to minimise what a worrying experience this was for him. But having thought about everything, I've independently reached the same overall conclusions as our investigator. I'll explain my reasons.

I've only briefly summarised what seem to me to be Mr W's main concerns and my focus is on what I think are the key issues here. Our rules allow me to do this and this approach simply reflects the informal nature of our service as a free alternative to the courts.

In order to uphold Mr W's complaint and award further redress I would have to find that Lloyds made an error or acted in a way that wasn't fair and reasonable and this led to Mr W suffering financial loss or some other detriment which Lloyds hasn't done enough to put right. So I've looked at what happened with this in mind.

Lloyds has legal and regulatory obligations which require it to have processes in place to keep customers' money safe and identify and prevent financial harm. It's not up to me to tell Lloyds how it should do this – or how long checks should take. The way Lloyds chooses to operate and its internal processes come under the oversight of the Financial Conduct Authority ('FCA'). As part of its compliance responsibilities, Lloyds needs to monitor customers' account activity so it can understand how the account is being used. This means it can sometimes decide to review a customer's account and it might also be necessary to block the account while this is done. Understandably, this can cause distress and inconvenience to a customer – but it doesn't necessarily mean the bank has acted incorrectly or unfairly. The account terms and conditions that Mr W signed up to in order to use the account allow Lloyds to take this action.

I appreciate that Mr W would like to better understand why Lloyds blocked his account. But financial businesses aren't required to publish (or spell out in terms and conditions) such specific information about their security processes. I wouldn't reasonably expect Lloyds to publicise information that could potentially compromise the security of systems it is required to maintain to protect its customers (and Lloyds). There was no requirement for Lloyds to tell Mr W it intended to block his account before it did this – and I wouldn't reasonably expect that to happen as advance warning of security measures could potentially put customers' (and banks') money at risk.

Thinking about all this, I am satisfied that Lloyds was entitled to block Mr W's account and it didn't act unfairly or unreasonably when it did this.

Lloyds has however partly upheld Mr W's complaint. It agreed that it provided him with misinformation about closing his account (when it should've said it was temporarily blocking the account). And it told him it was making enquiries with another bank – which was inaccurate information. So I don't need to say more about what happened. I will concentrate on the question of fair redress, which is the main reason Mr W has requested an ombudsman referral.

Our approach to redress is to look at what's fair and reasonable in all the circumstances of a complaint. One way we would try and do this impartially here is to put Mr W in the position he'd be in if Lloyds hadn't been responsible for the poor service issues identified. So my starting point is to think about the impact on Mr W of what happened.

I haven't identified any financial loss. Mr W said the freeze on his account delayed him moving money into an interest-bearing savings account sooner. But I can't fairly hold Lloyds responsible for this as I've found it was entitled to block his account whilst it was under review. And I am satisfied that the two-days or so it took Lloyds to do this wasn't an unreasonable timescale.

But fair compensation is more than just a question of monetary loss – it also needs to properly reflect the wider impact on Mr W of Lloyds' service failings.

I've taken into account what Mr W has told us about the way what happened impacted on him. I've also noted that Lloyds said on checking its system notes, these didn't show it was aware of any support needs or that it had explicit consent from Mr W to record this personal information prior to October 2024.

I'm sorry for how what happened left Mr W feeling. But I don't feel it would be fair to require Lloyds to compensate Mr W for something it had no knowledge of when he hadn't previously informed Lloyds about any special requirements and Lloyds couldn't have known it needed to consider whether to do things differently.

Taking all this into account, overall I think the £200 compensation paid already is fair and reasonable in all the circumstances.

Beyond this, I don't agree that Mr W's experience warrants further compensation. Each complaint is looked at on its own merits - I've looked at the circumstances that apply in this particular case and the fact alone that there may be other similar complaints on our website doesn't change my conclusion here.

I am satisfied that £200 matches the level of award I would make in these circumstances had it not already been paid. It is in line with the amount this service would award in similar cases and it is fair compensation for Mr W in his particular situation.

I am sorry that this was such an upsetting experience for Mr W overall. But I haven't seen enough to be able to uphold his complaint that Lloyds needs to do more here.

Mr W has raised several different complaint points over the course of this matter and I acknowledge that he feels very strongly about his complaint. If I have not referred to each point he's raised it's because I have nothing further I can usefully add to what our investigator has said already. I have concentrated on what I consider to be the main points that affect the outcome of his complaint.

I appreciate that my decision will be disappointing for Mr W but I hope that setting things out as I've done helps to explain how I've reached my conclusions and why I won't be asking Lloyds to do anything more.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 October 2025.

Susan Webb
Ombudsman