

The complaint

Mr B complains that Lloyds Bank PLC blocked his debit card, preventing him from making a cash machine withdrawal. Mr B explains this left him without the cash he needed for a taxi, resulting in him having to walk late at night.

What happened

Mr B tried to withdraw cash at a cash machine at around half past midnight. He explains he wanted to take a taxi and was only able to pay by cash, not card. No cash was dispensed. Mr B received a text message from Lloyds asking him if he had tried to make the withdrawal. Mr B replied yes to confirm that it was him. He received a follow up message saying he could use his account as normal and there was no need to call the bank. Mr B tried again and the same thing happened. After the third attempt, Mr B didn't receive any further text messages. Mr B explains he was frustrated and felt he had no option but to walk to where he needed to go to, which was around three miles away. Mr B phoned Lloyds the next day to unblock his account and to make a complaint.

In its final response letter, Lloyds explained Mr B's card was automatically declined at the cash machine due to the bank's fraud prevention measures. The bank acknowledged Mr B had responded to two text messages and said it understood why Mr B was confused not to receive a further alert, but it suggested that Mr B needed to get in touch to help confirm everything securely. It highlighted the terms and conditions of Mr B's account that explain when the bank might stop a transaction. The bank said it wouldn't be looking to make an offer of compensation on this occasion.

Unhappy with the bank's position, Mr B contacted us. He said he didn't know that his account would be automatically blocked after a third withdrawal attempt and he cannot accept just an apology given that he had to walk on his own during the night, risking his own safety.

Our Investigator explained that financial businesses have to strike a balance between unduly inconveniencing customers with legitimate payment requests against protecting them and the bank against fraudulent activity. He explained that given the amount being withdrawn and the time of night the attempt took place, it wasn't unreasonable for the bank to want to check the withdrawal was a transaction Mr B genuinely wanted to make. He didn't think Lloyds had done anything wrong by applying a block and thought it would have been reasonable for Mr B to phone the bank for support before starting to walk three miles.

Mr B didn't agree. He said the Investigator hadn't considered that he'd received a text message from the bank saying everything was fine. He also pointed out that he could have been attacked whilst walking alone at night and wanted his safety concerns to be taken into account.

As no agreement could be reached, the complaint has been referred 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.

First, I'm aware that I've set out the background to this complaint in less detail than the parties involved and I've done so using my own words. Our rules allow me to take this approach and focus on what I think are the key issues.

Mr B has been very clear that he wants Lloyds to pay him compensation for what's happened here. If I decide that Lloyds has done something wrong and Mr B has lost out as a result, I have the power under our rules to put things right, which can include a monetary award. But in the circumstances as they are here, I don't think Lloyds has done anything wrong.

In broad terms, the starting position in law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account.

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Lloyds should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks and building societies are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether to help protect customers from the possibility of financial harm.

Whilst Lloyds' first obligation is to follow Mr B's payment instructions, the bank should be on the lookout for out of character account activity which can indicate fraud. This is because Lloyds has extensive legal and regulatory responsibilities it must meet when providing account services to customers. To fulfil these obligations, the bank may need to review activity taking place on accounts and ask customers for further information. Lloyds is entitled and obliged to carry out such checks. The terms and conditions of Mr B's account explain that the bank can stop a customer from making a payment if it reasonably thinks it is necessary to keep the account secure, which could be because it suspects unauthorised or fraudulent use of a card.

If a payment instruction is unusual, Lloyds should intervene. Mr B was trying to make a cash machine withdrawal late at night. I've looked at Mr B's account statements in the months leading up to the attempted withdrawal and using a cash machine wasn't something he typically did, his transactions were mostly transfers. So I can see why the cash machine withdrawal Mr B wanted to make stood out as being out of character and unusual for him.

Whilst I understand how frustrating this situation was for Mr B, I am not able to fairly recommend compensation when Lloyds hasn't acted incorrectly. I don't consider the bank made any mistake by applying the block, it was proportionate to the potential for foreseeable harm that had been identified. Lloyds is entitled to take a risk-based approach when it has concerns about a transaction a customer wants to make.

Mr B made two points in response to the Investigator's assessment. For completeness, I will explain why these points don't make a difference to the outcome of the complaint.

Mr B wanted it to be taken into consideration that Lloyds had sent a text message to say the account was fine, so it was unfair to have expected him to then go on and phone the bank. But I would expect a complainant to take reasonable steps to minimise the impact to them. It is possible to speak to the bank about transaction declines 24 hours a day, 7 days a week and I think a reasonable person in Mr B's position would have tried to contact the bank for some assistance.

Mr B has also highlighted that the Investigator didn't address his safety concerns and clearly didn't understand what it's like to be in this situation. But I don't agree that Mr B's decision to walk three miles late at night is something that I could fairly say Lloyds is directly responsible for, especially in circumstances where I don't agree that Lloyds has made a mistake. I agree with Mr B that walking late at night is undesirable and I can appreciate his concerns that it was unsafe for him to do so. But it's possible that Mr B could have potentially mitigated the situation by transferring funds to another account and attempted the withdrawal using a different card. His account statements indicate that he does hold banking relationships outside of Lloyds. I'm also mindful that Mr B could have potentially changed his plans and returned home. The bank's records show the location of the cash machine Mr B used and it is less than half a mile away from Mr B's home address.

I know this isn't the outcome Mr B was hoping for. But for the reasons I've explained, I don't agree that Lloyds has acted incorrectly. Whilst I recognise what Mr B has described about being left in a difficult situation, for me to be able to award compensation, his distress has to be caused by a mistake Lloyds made. Whilst I am sorry to have to disappoint Mr B, I don't agree Lloyds can fairly be held responsible for the compensation he is seeking.

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 B to accept or reject my decision before 27 January 2026.

Claire Marsh
Ombudsman