

The complaint

Mr W complains about the service he received from Lloyds Bank PLC (“Lloyds”) when it blocked a payment to a tradesperson on multiple occasions and wrongly closed his complaint down without notifying him.

What happened

On 2 June 2025 Mr W attempted to make a faster payment of around £500 online to a tradesperson for works carried out at his home. Lloyds system flagged the payment for fraud checks and account access was suspended pending this.

Mr W called Lloyds on 3 June regarding the payment and access was restored to his account. Mr W was advised the transaction was high risk as it was to a company showing as dissolved on the Companies House website. Lloyds adviser recommended making the payment via a debit card to the merchant over the phone or carry out a chip and pin transaction as there would be more protection should there be a dispute.

On 5 June Mr W attempted to make a further payment to the same company and once again the payment was blocked. Mr W contacted Lloyds but as it couldn't verify Mr W over the phone, Mr W was referred to branch so it could verify his ID and carry out the necessary fraud checks.

Mr W was unhappy with the questions asked as he believed that the company he was trying to pay was genuine and so raised a complaint with Lloyds about the service he'd experienced and the inconvenience and embarrassment at not being able to make the payment. Mr W wanted an explanation as to why the payment could not be processed and to be compensated for the poor service and inconvenience experienced.

On 6 June Mr W attended a branch of Lloyds as requested and once it had verified Mr W and discussed the payment, it removed all blocks and allowed the transaction to be processed.

Lloyds didn't uphold Mr W's complaint about blocking the payment. It says in Mr W's case the payment was stopped for fraud checks in line with its security processes and regulatory obligations and so couldn't agree an error was made here. But it agreed Mr W had been inconvenienced by the process and experienced poor service regarding the resolution of his complaint as it had mistakenly closed Mr W's complaint prematurely and so compensated him £75 in recognition of this.

Mr W was dissatisfied with this and brought his complaint to this service. Mr W says he spent many hours on phone calls as well as visiting a branch to resolve the issue and despite logging a complaint Lloyds closed it without his knowledge. Mr W doesn't believe Lloyds looked enough into the company he was trying to pay's status and wrongly assumed they were no longer in existence.

Lloyds say the payment was stopped as the company was showing as dissolved on Companies House website and the bank details provided by Mr W have received no

payments from Lloyds since 2024. It says due to this it wasn't an error the payment was blocked again after access had been reinstated, as Lloyds still had concerns about the payment which could only be alleviated by a branch visit. Lloyds acknowledge the amount of time Mr W spent on phone calls but says it believes this could've potentially been avoided if Mr W had paid by the methods it had suggested.

One of our investigators looked into Mr W's concerns but didn't think Lloyds had treated Mr W 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 W had spent a considerable amount of time on the phone which was frustrating, but didn't think this was an error on Lloyds behalf as other options had been made available to him. They acknowledged Lloyds incorrectly closed Mr W's complaint but thought the £75 compensation paid fairly recognised the inconvenience of this error.

Mr W remained dissatisfied 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 W is unhappy about the service he received from Lloyds when it repeatedly applied a block to his online banking stopping him from making a payment to tradespeople who had carried out work on his home causing him significant embarrassment and inconvenience.

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 W 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 W and I sympathise. Mr W was merely trying to settle a bill for work carried out to his home to what he knew and understood to be a reputable company. 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 W had attempted to make an online payment to a company that was showing as dissolved for work done by tradespeople on his home – the type of transaction 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 W'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 W's case can be lifted following security

checks being carried out over the phone with Lloyds fraud department. But unfortunately, in this case despite Mr W regaining access to his account initially, Mr W still wasn't able to make the payment he wished, as Lloyds systems continued to determine the payment as high risk and again flagged the payment on further attempts. And as Mr W wasn't able to successfully complete all security checks over the phone, I think Lloyds's agents had legitimate concerns and weren't able to lift the block and process the payment, and as per Lloyds processes required Mr W to visit a branch with ID in order to have this done.

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

I appreciate the Mr W has been inconvenienced and is very frustrated at the amount of time he had to spend on one transaction that he knew to be legitimate. But Lloyds didn't have the first-hand knowledge he did. And I'm in agreement with our investigator here, that if Mr W had taken Lloyds advice regarding alternative ways to make the payment, I think it's likely some of the delays and inconvenience could've been avoided.

So I don't think Lloyds have treated Mr W unfairly or make a mistake in applying the blocks it did, as it was correctly following its processes in line with its regulatory obligations which are ultimately there for Mr W's own protection.

But Lloyds have agreed that it didn't do everything right and have compensated Mr W £75 for prematurely closing his complaint. And although complaint handling isn't a regulated activity for which I can award compensation for, I think in this instance this is fair for the impact closing his complaint early would've caused. And so it follows that I don't think Lloyds have made a mistake or treated Mr W unfairly when following its security processes and so I don't uphold Mr W's complaint.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 4 February 2026.

Caroline Davies
Ombudsman