

The complaint

Mr and Mrs D complain that a number of transactions Mr D attempted to make whilst on holiday were declined by Lloyds Bank plc and about the customer service received in connection with this.

Mr D raised this complaint with Lloyds and our Service. So for ease in this decision, I will refer to Mr D when discussing the actions or either Mr or Mrs D.

What happened

Mr D was on holiday abroad. On the 23 October 2025 he attempted to use his Lloyds card to make a payment but it was declined. Lloyds's fraud system had identified the payment as a possible risk. Mr D was sent a text message asking him to confirm this was a genuine transaction which he did. However, Lloyds's system was concerned Mr D's account may have been compromised and so a block was still applied – this didn't impact all transactions, just those considered a risk based on the transaction that had triggered the block.

Between 25 October 2025 and the 4 November 2025, Mr D had 14 other transactions declined and he was forced to use chip-and-pin or an alternative payment method.

On 26 October 2025 Mr D contacted Lloyds via instant messaging and was advised there was a block on the account and that he needed to call to resolve it. He was given a number and advised it was open 24hours a day, 7 days a week. Mr D then asked to raise a complaint.

Mr D later told Lloyds he was unhappy that his debit card had been declined and he'd incurred fees. He said he'd had to use a relative's account, incurring unknown fees. He was unhappy with the distress and inconvenience this had caused him whilst on holiday.

Lloyds responded and didn't uphold the complaint. It explained a block had been applied to his account on 23 October 2025 which required him to contact the fraud team to verify the activity. It explained that for some blocks Lloyds doesn't notify customers or contact them directly – it waits for customers to get in touch. Lloyds said Mr D had been provided with the contact number for the fraud team on 26 October 2025, but he'd not got in touch. It also noted some of the blocked transactions on the account were due to international contactless transaction limits. However, as a gesture of goodwill it paid Mr D £40 to recognise the distress and financial disadvantage he'd experienced.

Mr D then brought the complaint to our Service. He also said he was unhappy Lloyds's complaint handlers had tried to call him twice during the night (due to the time difference) whilst he was on holiday.

Our Investigator reviewed this and didn't uphold the complaint. They said Lloyds was entitled to block suspicious payments or to require chip and pin payments. They said Lloyds wasn't responsible for fees merchants choose to apply. They also noted that complaint handling was not a regulated activity and so not something our Service generally considers.

Whilst they recognised the blocks had caused Mr D distress and inconvenience, they weren't persuaded Lloyds had done anything wrong.

Mr D disagreed. He stressed this issue had lasted nearly two weeks and the bank provided no effective proactive resolution during his holiday. Mr D also said that by being forced to use his chip and pin more frequently, he incurred percentage based foreign transaction charges from the merchant which would have been avoided if he could have used contactless. He said these charges accumulated and caused him financial loss. In addition, he was unhappy with contact times and failure to contact him by complaint handlers following his return to the UK.

So, the complaint was 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.

Having done so, I won't be upholding this complaint – I'll explain why.

Whilst I don't doubt Mr D was impacted by the block and the failed contactless payments that occurred during his holiday, I am not persuaded this was a result of any error on the part of Lloyds.

There were two reasons Mr D's payments were declined. One was the fraud prevention system blocking the transaction and the other was due to limits on international contactless payments.

Banks and building societies are required to try and keep their customers' accounts safe and prevent fraudulent transactions. This means they must have systems in place to look out for unusual transactions or other signs that might indicate that their customers are at risk of fraud (among other things). And in some circumstances, they may need to make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Given this, I think it was reasonable Mr D's payment was blocked by Lloyds' fraud prevention system, and that Lloyds retained a block on the account until it was satisfied that this was an authorised payment and that Mr D's account hadn't been compromised. Due to the nature of the concerns Lloyds had, I also think it was reasonable that it decided not to proactively contact Mr D about the block and to wait for Mr D to contact it. I note it gave Mr D the information he needed to resolve things when he approached it which is what I would expect it to do. And I also think it was reasonable Mr D was required to speak with the fraud team before the block was removed.

I think it was fair that Lloyds declined payments that exceeded its international contactless limits and required Mr D to use chip and pin. Whilst I appreciate this meant Mr D incurred merchant fees he otherwise would not have, Lloyds is entitled to determine its own risk appetite in approving contactless payments internationally. And I don't think it misled Mr D when it advised that it doesn't charge for using his card abroad given it was the merchants that charged Mr D, something Lloyds would have had no control over.

I also note Mr D was unhappy with the way Lloyds handled this complaint, in particular calls. Our Service operates under a set of rules published by the Financial Conduct Authority (FCA), known as the Dispute Resolution (DISP) rules. Amongst other things, the DISP rules detail the types of activity that our Service can consider. And complaint handling is not an

activity listed within these rules. Which means I am unable to consider Mr D's additional concerns about how Lloyds's complaint department handled its communications with him.

I appreciate this decision will come as a disappointment to Mr D, but I can only award for financial loss, distress or inconvenience resulting from an error on the part of Lloyds and for the reasons I've given, I'm not persuaded Lloyds has acted unfairly here.

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 D and Mrs D to accept or reject my decision before 23 March 2026.

Jade Cunningham
Ombudsman