

complaint

Mr P complains that Lloyds Bank PLC unnecessarily blocked a payment he tried to make with his Amex credit card and as a result he lost out on Avios points.

background

Mr P attempted to use his Lloyds Amex card in December 2015 to purchase his annual train season ticket costing around £4,000. He says he had made this purchase with that card every year for some years. Lloyds declined the transaction. But fortunately, Mr P was able to complete the purchase using his Lloyds MasterCard, which the bank didn't decline.

Both the Lloyds Amex card and its MasterCard attract Avios points, with the former attracting significantly more than the latter. Mr P complains that he therefore lost out on many Avios points by Lloyds unnecessarily refusing his Amex card.

In its reply to Mr P's complaint, Lloyds explained that where its systems detect a possible fraudulent transaction, as they did here, that transaction would automatically be refused. But following our involvement, Lloyds supplied a more detailed explanation. Mr P's Amex card had only recently been issued to him following his reported loss of his previous card. Lloyds has said that as part of its fraud detection strategy, its systems are programmed to look for high risk spending after a card/PIN has been reissued. Single item expenditure of some £4,000 was judged to be high risk.

The adjudicator didn't recommend that this complaint should be upheld. She considered that Lloyds had acted in line with its terms and conditions, and that its risk strategy was in place to protect customers from the potential misuse of their cards. She believed that she did not have grounds to ask Lloyds to award Mr P any additional Avios points or to pay him compensation.

my findings

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've reached the same conclusion as the adjudicator for much the same reasons.

Mr P believes that Lloyds should have known that his Amex purchase was not a fraudulent transaction because his account history should show that he makes the same purchase with that card every year. But Lloyds has explained that its fraud strategy includes a specific criterion relating to recently reissued cards, as Mr P's Amex card was. A purchase of around £4,000 was deemed to be high risk in those circumstances by that strategy, hence the purchase was declined.

Banks' fraud detection systems don't only pick up transactions that actually turn out to be fraudulent, but also transactions which they suspect *may* be fraudulent. This is designed to protect banks and their customers from fraudulent activity. There will inevitably be situations in which a transaction that has been picked up by the system is genuine, as it was here. But I am afraid that I cannot criticise Lloyds for blocking the payment despite its consequences for Mr P.

Fortunately, Mr P was able to complete his purchase with his Lloyds MasterCard, albeit earning far fewer Avios points. I infer from Mr P's comments that he believes that if Lloyds was sufficiently concerned about possible fraud to block the use of his Amex card, then it

made little sense to allow him to use his MasterCard. If this is what Mr P believes, I am afraid that I cannot agree with him. It is perfectly possible for the owner of two cards to have lost one, giving rise to potentially fraudulent use, but not the other. Here, it was the Amex card that triggered the activation of the fraud strategy for the reasons Lloyds has explained. These reasons did not apply to Mr P's MasterCard.

Whilst I understand Mr P's frustration with what has happened, I am afraid that I cannot reasonably require Lloyds to award him the Avios points he would have earned had his Amex purchase proceeded, or to pay him compensation.

my final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 7 April 2016.

June Brown
ombudsman