

The complaint

Mr and Mrs T have complained that Lloyds Bank PLC ("Lloyds") refused their request to withdraw £5,000 from their account.

Mr and Mrs T say that a block that was subsequently applied to their account caused them further inconvenience.

What happened

Lloyds didn't uphold Mr and Mrs T about the cash withdrawal request being refused pending further evidence. But Lloyds did apologise to Mr and Mrs T and paid them £60 for the distress and inconvenience that they experienced due to the block on their account not being removed when it should've been.

Mr and Mrs T referred their complaint to our service. One of our investigators assessed the complaint and they didn't think that Lloyds had acted unfairly or unreasonably in not allowing them to make the cash withdrawal. The investigator thought that the £60 that Lloyds paid Mr and Mrs T reasonably reflected the inconvenience caused to Mr and Mrs T due to the block not being removed from their account.

Mr and Mrs T disagreed with the investigator's assessment, so the matter was referred 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.

Having reviewed everything, I agree with the conclusions that the investigator reached for broadly the same reasons.

I understand that a friend of Mr and Mrs T who lived abroad had transferred £5,000 into Mr and Mrs T's account so that Mr and Mrs T could purchase a vehicle on their behalf in the UK. However, when Mr and Mrs T went to withdraw the money from their account so that they could purchase the vehicle, the member of staff refused to process the transaction and asked them to provide further evidence regarding the sale of the vehicle.

From Mr and Mrs T's explanation of events, it seems that the member of staff thought that the transaction could be part of a scam or fraud. This explains why Lloyds asked Mr and Mrs T to provide an invoice to demonstrate the sale of the vehicle was a genuine transaction.

In the circumstances, I can see why this was frustrating for Mr and Mrs T. They'd travelled a long way to make the purchase. They had planned their journey carefully, so that they had enough time to collect the vehicle, visit family and then transport the vehicle to their friend. I understand that as they could not withdraw the money from their account, this resulted in them having to borrow from friends and family to purchase the vehicle.

That being said, there is currently a high volume of scams and fraud in operation. And banks and other Payment Service Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence, especially on large transactions, to guard against money laundering. This means that transactions are more

likely to be refused or blocked if the bank has suspicions that a payment may not be genuine or that by allowing the payment could result in financial loss to its customer.

Due to the circumstances surrounding the cash withdrawal, I can appreciate why Lloyds suspected that the transaction may be part of a scam or fraud. For example, there is a well-known scam in which funds are transferred into someone's account in order to purchase an expensive item - such as a car and then the transfer is reversed leaving the account holder out of pocket. I also note that Mr and Mrs T didn't give advance notice to Lloyds that they wanted to make a large cash withdrawal (although I acknowledge they intended to). This meant that Lloyds didn't have an opportunity to explain what extra information they may need to bring with them, to ensure the withdrawal would go as planned.

Looking at the terms and conditions of their account, it lists a number of reasons why a transaction may be blocked – these include to protect the account holder(s) or Lloyds from fraud, or if Lloyds suspects the transaction has a high risk of being connected to a scam, fraud or other criminal activity. So I'm satisfied that Lloyds was able to take such actions. And from everything I have seen, I think Lloyds had reasonable grounds in which to refuse the cash withdrawal. I also think it was not unreasonable that Lloyds asked Mr and Mrs T to provide further evidence to demonstrate that the money was being used to purchase a vehicle, before authorising the cash withdrawal.

Therefore, although the refusal of the cash withdrawal was clearly inconvenient and frustrating for Mr and Mrs T, at the same time I can't say that Lloyds has treated them unfairly or unreasonably by doing so. Lloyds refused the payment essentially to protect Mr and Mrs T, although I appreciate that Mr and Mrs T may not have seen it that way at the time (or indeed since).

Due to the refusal of the cash withdrawal, I understand a block was placed on Mr and Mrs T's account. However, Lloyds authorised the cash withdrawal to be made on 21 November 2022. Unfortunately, Lloyds didn't remove the block at that point, as it should've done. This led to Mrs T being unable to make a bank transfer a few days later. Mr and Mrs T say they spoke to Lloyds' fraud team and had to pass security three times, and after being on the phone for quite some time, were eventually able to get the block removed.

As Mr and Mrs T were attempting to get a block removed from their account, I think it is reasonable that they would need to pass stringent security questions – including when they were transferred between departments of Lloyds on the phone. I also think it's reasonable that Lloyds' fraud department would need some time to look through its systems to understand what'd happened first, before concluding that the block could be removed. Lloyds confirmed that the block was still on the account in error and should've been removed once the withdrawal was processed.

Having considered the inconvenience Mr and Mrs T incurred in having to get the block removed, I think £60 is a fair amount of compensation to reflect the impact the matter had on Mr and Mrs T.

My final decision

Because of the reasons given above, I don't uphold this complaint and I think that what Lloyds has already done to put matters right is fair and reasonable in the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T and Mrs T to accept or reject my decision before 16 October 2023.

Thomas White
Ombudsman