

The complaint

Mrs K complains that Lloyds Bank PLC blocked access to her bank account and the delay in removing the block has caused her stress, anxiety, and inconvenience.

What happened

Lloyds blocked Mrs K's account on 28 March 2023 when Mrs K attempted a bank transfer. As requested by Lloyds, Mrs K attended a local branch on 4 April with her identification documents but as the branch was closing Lloyds was unable to complete all of the checks it required. Mrs K was going to be unavailable for a few weeks as she was taking a holiday and Mrs K's representative complained about the delay in unblocking the account. In its complaint response dated 18 April Lloyds asked Mrs K to attend the branch again as it hadn't been able to complete its verification processes. Lloyds didn't uphold the complaint.

After Mrs K returned from a holiday, she and her representative called Lloyds several times on 27 April and were told that the block was still on the account and that she needed to go back into the branch. Lloyds said this was to complete the verification process it had been unable to complete at the first visit.

When Mrs K visited the branch on 28 April, Lloyds told her that it needed a further check to be completed. Mrs K's representative raised a further complaint about the ongoing delay in unblocking the account and said this had caused Mrs K stress, anxiety and inconvenience, and additional costs in having to attend the local branch. Lloyds didn't uphold this complaint and said in its response that it had explained to Mrs K that further security checks would be required and asked Mrs K to attend a local branch again to produce her verification documents.

The account was unblocked on 17 July after Mrs K attended a local branch and spoke with the Lloyds fraud team on the telephone.

Mrs K's representative brought the complaint to the Financial Ombudsman Service. One of our Investigators looked into things and thought that the placing of the blocks in the first instance was within the Bank's layers of protection and processes to help safeguard customer accounts and in this regard and that Lloyds had followed its protocols. The Investigator thought Lloyds hadn't done anything significantly wrong. Mrs K's representative asked that an Ombudsman decides the complaint.

I asked Mrs K and Lloyds to provide me further evidence of Mrs K's visits to the local branch. When I reviewed the information provided, I reached a significantly different outcome to that of our Investigator, and I issued a provisional decision. In my provisional decision I said:

"The terms and conditions for Mrs K's account explain when Lloyds can suspend an account. In this case the account was suspended, or blocked, as Lloyds had reason to believe a transaction may be fraudulent. In this case Lloyds suspended the account until it could complete the security checks it felt were necessary and asked Mrs K to visit a local branch to provide verification documents."

Mrs K accepts that Lloyds is able to block an account if it has any suspicion that it may be fraudulent or a scam, but in this case Mrs K believes it was unreasonable that Lloyds asked her to attend the branch three times – and that when she attempted to contact Lloyds to resolve the matter, Lloyds dealt with her calls unprofessionally. Mrs K believes that the account should've been unblocked earlier than it was.

There's no dispute Mrs K attended the local branch on 4 April and Lloyds wasn't able to fully resolve the matter at this first visit. Lloyds say this is because it couldn't fully carry out all of the security checks required as the process can take some time and the branch was closing. Mrs K visited the branch in the late afternoon – shortly before closing time. Lloyds says it couldn't complete the checks it was required to before the branch closed and because of this the account remained blocked. At the time Lloyds didn't explain what further checks may be required. Although I appreciate this would have upset Mrs K, I wouldn't normally expect Lloyds to explain what further checks it intended to carry out as this could compromise the security checks required. Lloyds has since told to Mrs K what other fraud prevention checks were required.

Mrs K called Lloyds on several occasions on 27 April for an update and I've listened to each of these calls. Mrs K's representative wanted to know why Mrs K needed to go into the branch again to provide the same documents she'd already provided. It wasn't until Mrs K's fifth call of the day – by which time she'd spent well over an hour talking to Lloyds – that it was explained that this wasn't an identification issue but was rather Lloyds wanting to complete the additional security protocols it was required to complete.

The end result of these telephone calls was that Mrs K was asked to go into the branch again 28 April. When Mrs K went into the branch Lloyds asked for a further security protocol to be carried out. Lloyds has confirmed it completed the additional security check and the account that after this Mrs K visited the branch again on 17 July. Mrs K is aware of the additional check Lloyds carried out, so I won't disclose what this was in my decision. After speaking with Lloyds fraud team on 17 July, the account was unblocked.

I want to be clear that Lloyds is entitled to carry out reasonable security checks and that it's entitled to suspend the account until it's satisfied there is no fraudulent or scam activity. Lloyds confirms this in its terms and conditions. I've noted the concerns Lloyds had at the time of the attempted transaction and that it felt it needed a further security protocol to be followed. In this regard I intend saying Lloyds didn't do anything wrong.

Mrs K had already called Lloyds several times on 27 April to be told she had to go to the branch again. I could sense the frustration she felt as calls were dropped, and she was passed to several different departments. The contact notes Lloyds has provided shows no action on the account between 28 April – after Mrs K visited the branch a second time – and 17 July when the account was unblocked after Mrs K spoke with the fraud team at a branch. During this time there's nothing to suggest Mrs K was updated. So, although I intend saying Lloyds was entitled to carry out the security checks it did, I intend saying that the way it dealt with Mrs K during from 28 March until 17 July – when the account was unblocked – caused Mrs K more than the levels of frustration and annoyance she might reasonably have expected when Lloyds carried out its security checks. The impact has been more than just minimal and caused Mrs K some distress and inconvenience over a three-month period.”

For the reasons detailed above I said that I intend to ask Lloyds Bank PLC to pay Mrs K

£200 to resolve the complaint. I said I would look at any more comments and evidence that I get by 29 December 2023.

Lloyds accepted my provisional decision as a fair outcome to the complaint. Mrs K said she had no further comments to add.

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.

As Lloyds accepted my provisional decision as a fair outcome to the complaint and Mrs K says she has no further comments for me to consider, I've decided to adopt my provisional decision as my final decision.

My final decision

I've decided that Lloyds Bank PLC should pay Mrs K the sum of £200 to resolve the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 25 January 2024.

Paul Lawton
Ombudsman