

The complaint

Mr U complains that Lloyds Bank PLC failed to remove a block on his savings account after he visited the branch with his identification, and this prevented him from moving his funds to a higher interest account. Mr U is represented by a relative, but I have just referred to Mr U.

What happened

Mr U said he made numerous calls to Lloyds in order to move his money out of a poor performing savings account and into a higher interest account or a fixed rate bond. He said he was told each time that Lloyds would unblock his account, but it never did, so his funds had to remain in a very low interest account. Mr U complained to Lloyds.

Lloyds said the block was added by its automated system to Mr U's account in June 2018 as a fraud verification block to ensure the validity of any further transactions made by 'the named account signature'. Mr U said his savings have now been moved from the low interest Lloyds account into a 4% interest one-year fixed bond at Lloyds which is what he wanted to do more than a year ago but couldn't as Lloyds blocked the account.

Lloyds explained that the block was placed on the account to prevent fraud when Mr U turned 16 and the account changed from a Young Saver to a Standard Saver. On 17 February 2023, Mr U contacted Lloyds via its messaging service and confirmed that the block was still in place and preventing him from moving his funds. Mr U told Lloyds he went to the branch on 15 February 2023 and presented the relevant ID. Lloyds couldn't confirm this as Mr U didn't respond to its request for clarification, but accepted Mr U's account. The block was removed on 21 February 2023 following investigation by the complaints team.

Lloyds responded to Mr U to say it had caused him inconvenience by not removing the block on his account. It said it had now removed the block and paid him £60 compensation.

Mr U said he earned only £580 interest from his Lloyds savings account, but had he been able to move his funds, he would have earned £3,510 interest. He found this very frustrating and is angry that Lloyds has only paid him £60 as a consolation. He said Lloyds should pay him for the lost interest of at least £2,920. Mr U referred his complaint to our service.

Our investigator didn't recommend the complaint be upheld. She said Lloyds delayed the removal of the block on Mr U's account, but the £60 compensation was a fair response. She said Mr U called Lloyds on 14 February 2023 to ask why he couldn't transfer his savings and Lloyds said a block required him to verify his identity in branch. The investigator said the block could have been removed in branch when Mr U presented the correct identification, but Lloyds actioned his request in two working days after. Lloyds has no record of Mr U contacting it before that and Mr U couldn't give the dates of when he first contacted Lloyds.

Mr U disagreed with the investigator, but didn't provide any further reasons. Mr U's complaint has been referred to me as an ombudsman to review.

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.

Mr U is unhappy about the amount of time a block was present on his savings account as this prevented him from moving his funds to a higher interest account. I can well understand his frustration about this as he might have obtained a better interest rate at the time. But I don't know what within the investigator's findings Mr U disagrees with. And so I have looked carefully to see if Lloyds treated Mr U fairly in its handling of the block on his account and acted in accordance with the terms and conditions of the account.

Lloyds has explained that the block on the account was put in place as a matter of policy to require a child account holder to provide a signature for the account on reaching a set age.

Lloyds told Mr U it was disappointing the block wasn't removed when he visited the branch. Lloyds agreed that the service it provided to Mr U had been poor and paid him £60 compensation.

When a customer has lost out as a consequence of a mistake made by a business we look at the impact of that mistake to see if compensation is due and how much should be paid. Unfortunately the parties disagree about the period during which Mr U was asking Lloyds to remove the block and the period of the delay until the block was removed on 21 February 2023.

In this situation we have to be guided by the available evidence to decide what is most likely to have taken place. Mr U said he had been contacting Lloyds for about a year to get the block removed and the block stopped him from moving his funds to a higher interest account. However, Lloyds only has calls from Mr U's phone recorded for 14 February 2023, which was followed by his visit to its branch the next day and his messages on its system on 17 February 2023.

In response to our specific request to Lloyds to check for Mr U's communications, these are the only relevant records that it holds. And Mr U has no records or remembrance with which to challenge this and so I have to respect the evidence.

On the recording of Mr U's call to Lloyds of 14 February 2023 he advises Lloyds' representative that he has recently tried to move money from the account using his online banking app but can't due to a block on the account. And says he hasn't transacted on the account prior to this for a long time. Lloyds said it had no record of a request or complaint being raised by Mr U to move his funds to a higher interest account or a fixed rate bond before this time.

Lloyds' records give a delay period of one week from 14 to 21 February 2023. And in respect of this delay, I think Lloyds' compensation of £60 for the impact on Mr U is fair and reasonable.

I realise Mr U will be disappointed with this decision, but I hope he can see the reasons it has been reached. And I hope he has much more positive experiences in dealing with his account in future.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 13 November 2023.

Andrew Fraser
Ombudsman