

The complaint

T is a business owned and operated by a sole trader, who I'll refer to as "Mr B". He complains that Lloyds Bank PLC twice blocked an overseas payment to T's account, with the result that he lost both an order and a customer.

What happened

T sells small items to trade customers, some of which are based overseas.

In June 2022 T received an order from an overseas customer for goods costing a little under £3,000. T had dealt with the same customer previously, and some of the goods were personalised. They would be shipped on receipt of payment.

T's customer sent payment to T's account on or about 7 July 2022. It was not received but, Mr B says, T's customer received an email from Lloyds asking that he (that is, Mr B) provide evidence that no export licence was required.

Mr B then contacted Lloyds and the Department for International Trade (DIT) about the paperwork that had been requested.

At the beginning of August 2022 T's customer advised that the payment had been returned. In early September 2022 T received confirmation that no export licence was required. Mr B sent a copy to T's customer, and the payment was sent again on 12 September 2022.

Lloyds says that it tried to contact Mr B on his mobile phone to obtain more information about the payment, but was unable to do so. Mr B has explained that he was away at the time, but that if the bank had used T's landline, it would have known that – and could have left a message. The bank wrote to T the same day, asking that Mr B get in touch; Mr B says he didn't receive that letter.

Mr B contacted Lloyds at the end of September to ask why the payment was not showing on T's account. He says the bank told him it had not reached Lloyds. When Mr B contacted the bank again on 7 October, he was told the payment had been returned for a second time. T's customer says the money was received back in the middle of November.

T and its customer discussed alternative payment options, but were unable to reach a solution. (T does not have accounts with any other providers.) Mr B sought a guarantee from Lloyds that any further payments would not be blocked, but Lloyds was unable to provide it. The customer therefore cancelled the order and had indicated it was no longer willing to do business with T.

Mr B referred the matter to this service, where one of our investigators considered what had happened. He thought that Lloyds was within its rights to seek further information about the payments and to return them when that was not provided. But he also took the view that Lloyds had not communicated as well as it should have done. He recommended it pay T £250 by way of compensation.

Lloyds accepted the investigator's recommendation, but Mr B did not think it went far enough. It did not properly reflect the time he and his wife (who helps with the business) had spent dealing with things. He thought as well that T should be compensated for the loss of the order (which is partly personalised and so cannot be sold to a different customer) and its customer. He asked that an ombudsman review the case.

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.

I'll deal first of all with two issues on which the facts are in dispute.

Lloyds says it tried to contact Mr B on his mobile phone on 14 September 2022 but was unable to reach him. I accept that is the case. It is consistent with Mr B's statement that he was out of the country and difficult to reach. I accept as well that the bank wrote to T on the same day. It has provided a copy of the letter, and I think it more likely than not that it was sent. It may be that it did not reach its destination (although most post that's correctly addressed is delivered), but I don't believe that I can hold the bank responsible if that was the case.

I accept too what Mr B has said about his contact with the bank on 27 September 2022. That is, I believe he did telephone Lloyds and was told the payment had not arrived. That is supported by Mr B's exchanges with the overseas customer. In fact, it had been made but had been blocked pending further enquiries. It was not returned until 3 October 2022.

I agree with the investigator, however, that Lloyds was within its rights to seek further information about the payment on both occasions it was attempted.

The investigator noted in respect of the first attempted payment that the bank had been unable to provide evidence of its attempts to contact T. He thought that T had not been given sufficient opportunity to provide the necessary information. I note however that the information required on that occasion included confirmation from the DIT, which in the event took around five weeks to obtain. That would have been the case, however soon Mr B was contacted. In the circumstances, I think it likely too that the payment would have been returned while Lloyds was waiting for confirmation from the DIT that no export licence was needed.

As far as the second payment attempt is concerned, I agree with the investigator's finding that Lloyds should have explained to Mr B what the problem was when he got in touch on 27 September 2022. It is possible that he would have been able to provide the necessary information as a result of that call and that payment would have been released. There is however no guarantee that would have been the case. I do not believe that I can fairly make a finding that the payment issue would have been resolved.

For these reasons, I do not believe I can properly conclude that the loss of the order (and T's customer) was the result of anything Lloyds has done wrong.

Putting things right

T should nevertheless receive some compensation in recognition of the failings which I have identified above. I agree that the figure of £250 is reasonable in the circumstances. I note that Lloyds has agreed to that sum, but I will make a formal award, which can therefore be enforced if necessary.

My final decision

My final decision is that, to resolve T's complaint in full, Lloyds Bank PLC should pay it £250.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 7 February 2024.

Mike Ingram

Ombudsman