

The complaint

Miss C is a joint owner of business P, which holds a business account with Lloyds Bank Plc. She complains that they failed to advise her properly on how to complete a mandate, failed to properly implement the changes on the mandate, failed to provide her with the means to access the account for a period of time, and failed to assist her in making two payments, which cost her business reputation.

What happened

In July 2020 Miss C contacted Lloyds as she was in dispute with her former business partner, and the partnership was to be dissolved. Following this, Lloyds put a block on the account.

Miss C then tried to complete a mandate form to change the account to two signatures required for withdrawals in order to protect the account funds. She didn't want the block removed until this protection was in place. Lloyds asked for a letter from both parties to confirm the dispute was over before they would unblock the account.

In October 2020 Miss C completed a new mandate with the help of Lloyds business banking manager to remove her ex-partner from the business account. She was later told the form had been incorrectly completed and completed it again with an adviser. The mandate was rejected again and never implemented.

On 30 December 2020 Lloyds paid Miss C £150 for the distress and inconvenience caused by their poor service regarding the bank mandate and they removed the block from the account. The letter also advised they were still waiting for the mandate to be returned. In November 2020 Miss C registered for online banking, but the card reader didn't arrive and so she was left unable to access internet banking.

Miss C complains that she then had to travel abroad without access to her online banking and so was unable to make two payments to suppliers while she was away. She tried to make the payments by CHAPS whilst abroad, but they didn't go through. Further problems and errors occurred both during and after the trip and the payments weren't made until 29 April.

Miss C complained about the delay caused in making these payments. Lloyds offered £500 compensation for the distress and inconvenience caused, and also wrote letters to the two clients of the business to explain that it was a bank error, to try and remedy the reputational damage.

Miss C was unhappy and brought her complaint about both issues to us. One of our investigators looked into this and he thought that Lloyds had made a fair offer on both complaints.

Miss C disagreed with our investigator's view and asked for an ombudsman's decision, so it came to me to review.

While this complaint was ongoing, in January 2022 Miss C discovered that her former business partner had withdrawn the remaining funds from the business account without her consent. Miss C raised an additional complaint that this was Lloyds fault as they haven't properly implemented the mandate which required both signatures to remove funds.

I issued a provisional decision on the complaint. My provisional findings were as follows:

I have reviewed all information provided by both Miss C and the business, and I have read Miss C's testimony about what happened and the impact on her reputation and business. I have also listened to all the calls between Miss C and Lloyds between October 2020 and January 2022.

Lloyds have accepted that their customer service on this occasion didn't meet the standard it should have, and they have apologised. I agree that Miss C was caused distress and inconvenience by this poor customer experience and so the question for me to decide is whether the compensation offered is fair and reasonable.

The errors and delays in processing the mandate

The change of signing instruction that Miss C was asking for Lloyds help with is a fairly straightforward business request. Her relationship with her former business partner had broken down and she wanted to protect the funds that remained in the business account. Her former partner was the one who had previously managed the internet banking, and Miss C didn't have any means of access to this, so she wanted to change the mandate to require both of them to authorise any payments made.

I can see from the account notes that in July 2020 Miss C contacted Lloyds to advise that there was a dispute between her and her partner. Following that, a block was placed on the account to protect the funds.

In August 2020 Miss C and her partner both queried the block and were told that they would need to have a letter signed from both parties to remove it.

Miss C then makes a number of calls to Lloyds trying to get the mandate completed so that it is "two to sign", so the account can then be unblocked. She can't get an authentication card to access internet banking until the block is removed.

A member of Lloyds staff completes the mandate for her and sends it via secure link for the two parties to sign. She is also advised send it back with letters changing the business address and requesting the account is unblocked on receipt of the mandate form. In September 2020 Miss C and her business partner entered into a settlement agreement regarding the dissolution of their business. They agreed that following payment of final invoices, the balance of the bank account belonged to Miss C and that the mandates would be changed to effect that. The mandate was signed by both parties and sent to Lloyds with the letter requesting the account block is removed.

Unfortunately this is where things start to go wrong. There initially appears to be delay in processing the mandate, and Miss C starts making calls to chase it. On 7 October, Miss C was advised the mandate had been rejected because it had no business name, account number or sort code on it and also that there was also a possible signature mismatch on the block removal letter.

Miss C e mailed some missing pages to Lloyds and she was told it would be looked at. On 8 October the mandate was rejected again as Lloyds said it hadn't been completed correctly.

On 9 October notes show that Miss C was advised again on the completion of the form by Lloyds and she says she will visit her solicitor and then send it in.

That mandate dated 12 October was the last one received by Lloyds. Their notes on 28 October indicate that they were again unable to process it without clarification as the sections haven't been completed correctly.

I've seen a copy of the mandate. It has been completed as "any one" full power signatory to sign, and underneath it says, "If you select "any one" for "payments" then each of the Full Powers signatories on the account has individual authority without any restriction to authorise any payment".

The notes indicate that contact is to be made with Miss C's former business partner to establish what the intention was of the mandate, and the account block is to remain in place until they have spoken to her.

When Miss C rang Lloyds on 29 October about the mandate, they advised her that they needed to speak to her former business partner.

On 3 November Miss C's former business partner called Lloyds and confirmed that block should be lifted as per the letter and that Miss C was going to pay the creditors and then close the account. They don't appear to have asked her about the intention of the mandate which they previously recorded was needed before the block could be lifted.

Miss C was then advised that the block had been removed, but she wasn't told that the issue with the mandate hadn't been resolved.

It was acknowledged on 30 December by the complaints officer that this issue about the mandate wasn't picked up and he makes a payment of £150 for distress and inconvenience caused by the poor service. He also says that they are still awaiting a completed mandate, but he doesn't offer any help or resolution to get it completed.

I've thought about all of this, and I've listened to all the calls between Miss C and Lloyds about the mandate, and I'm not satisfied that £150 is a fair reflection of the inconvenience that was caused. Miss C made around 35 calls to try and sort out this fairly simple issue between the beginning of September and the end of October. She had the forms completed by members of staff and sent to her on at least two occasions which turned out to be incorrectly completed, she wasn't advised properly about what was incorrect and how it could be resolved, and by December when the complaint response was sent, she had still hadn't been properly advised on completion of the mandate form. In view of that I propose to increase the award offered for this aspect of the poor service.

Funds withdrawn in January 2022

On 6 January 2022 Miss C's ex business partner made a payment for £3840 from the account. Miss C has complained that this shouldn't have happened as Lloyds should have changed the mandate to "one to sign", and says that she believe it had been done. However, I don't accept that this is Lloyds error.

As well as being told in the complaint response in December 2020 that the mandate was still outstanding, I can see that during a phone call with the complaints team in May 2021 and in the complaint response sent by Lloyds in July 2021, it is made clear to Miss C that her business partner still had access to the accounts. She is told that as this was a partnership account it couldn't be put in a sole party's name and that she would need to open a new

account in her sole name. They also discussed closing the account, which Miss C said she didn't want to do.

So, I think it fair to say that Miss C had been made aware that her former business partner still had access to the account on three occasions. There is then a period of six months before the withdrawal in which Miss C doesn't attempt to make further changes to the mandate, or clear and close the account. And so, I can't fairly say that it was Lloyds fault that Miss C's business partner withdrew the funds in January 2022, and I won't be directing them to take any further action about that.

I understand how distressing this will have been for Miss C, but any recovery of the missing funds is a legal dispute between Miss C and her former business partner, and as such it is outside our remit.

The International Payment

I can see that there were two issues that led to the error with making the payments in April 2021 late.

Firstly, Miss C didn't have access to online banking, which was as a result of the card reader not being issued and online banking not being set up in time for her trip abroad.

Secondly, there were errors by Lloyds when trying to offer an alternative way to make them.

There were technical issues with the forms being received and processed, failures to make contact with Miss C to verify the payment, and then incorrectly rejecting one of the payments as "insufficient funds" due to as Lloyds misread the currency as sterling.

These errors are entirely Lloyds fault, and they have accepted this. The payments were applied for on 1 April, first rejected on 9 April, and eventually paid on 29 April.

I can see why the failed payment caused embarrassment to Miss C and possibly caused reputational damage. However, I can also see that Lloyds have provided letters for the businesses concerned to explain that the delay wasn't Miss C's fault, and they also did their best to sort out the transfer after the error occurred. The delay of 20 days is quite long, but I consider that their offer of £500 is fair for the delay, and the letters provided should help explain the position to the suppliers.

Although I can appreciate how strongly Miss C feels about this, I think that the £500 Lloyds have offered and paid is fair and reasonable for the distress and inconvenience suffered. I have taken into account the length of time Miss C was inconvenienced, and the poor quality of customer service provided.

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 sent Miss C and Lloyds a copy of my provisional decision.

Both have replied. Miss C has reiterated that she was unaware that her former business partner could withdraw funds from the account, having not been given clear information, and that she still holds Lloyds responsible for the loss of funds. Lloyds have pointed to a note on 28 October that they were still chasing for a completed mandate. Neither comment has

changed my view. I'm satisfied with my original view on the matter of the mandate, which was that between July and December 2020, the information and advice given to Miss C in relation to this fairly straightforward matter was poor, and caused her significant inconvenience. However, after December 2020 I think it had been made clear to Miss C that the signing mandate hadn't been successfully changed and it was still required.

In view of this, I'm making my final decision for the reasons I've summarised above.

Putting things right

Lloyds have already paid £150 in respect of the first part of the complaint, but I intend to direct that they pay an additional £150 for the distress and inconvenience caused by the mistakes and poor advice given in relation to the mandate.

Lloyds have offered a further £500 in respect of the second part of the complaint relating to the failure of the international transfers. Although this hasn't been accepted by Miss C, I think this is fair and I will be directing Lloyds to make this additional payment if it hasn't already been paid.

My final decision

I'm upholding Miss C's complaint and directing that Lloyds Bank PLC should put things right as above.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 7 November 2022.

Joanne Ward
Ombudsman