

The complaint

J, a limited company, complains about the service Lloyds Bank PLC has provided in relation to its business account.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my 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 done so, I agree with the investigator's findings for broadly the same reasons. I will explain why.

It's not in dispute that Lloyds made an error in closing the business banking account. Lloyds has explained the account was closed as the information it "requested" hadn't been provided. However, Lloyds has been unable to provide any evidence to show it actually asked J to provide the required information.

Secondly, Lloyds has also failed to provide any evidence to show it provided J with the required notice of closure. However, Lloyds has recognised this error, apologised and offered £200 compensation to J.

As such, the only thing for me to decide is whether the offer Lloyds made was fair and reasonable. Having considered the circumstances of the complaint, I am not persuaded it is. As explained by our investigator, there were instances where the director of J, had spoken to Lloyds and wasn't told that the account was closed or due to be closed. If he'd been told, it would have reduced the impact it had on J.

I have also considered the testimony provided by the director, that a direct debit to a company that provides insurance for J was cancelled, clients were unable to pay for services and J's card had been declined at local merchants. This would have caused a degree of embarrassment and inconvenience for J, a new business trying to build its reputation.

So, I agree with the investigator that Lloyds' offer of £200 isn't fair considering the impact this had on J. Our investigator recommended that Lloyds pay a further £300, bringing the total amount to £500. Lloyds accepted the offer but the representative on behalf of J said he didn't think this was fair given the fact J was without a bank account for some time over the Christmas period.

I have taken the representative's comments into consideration and in doing so, while I appreciate J would have been impacted, I think a total award of £500 is fair and reasonable. I say this because, the directors first found out there was an issue on 27 November when a card payment was declined. But by 5 December 2022 (just over one week later) the

representative was aware the account was closed. I appreciate he may not have known why, but I do feel the impact J experienced could have been mitigated after this point. As such, while I still maintain this would have impacted J (especially considering it was a new business) I am satisfied the offer fairly reflects the inconvenience J experienced.

Putting things right

I am aware that the representative has already received £200 from Lloyds Bank Plc. I now direct Lloyds Bank PLC to pay a further £300 for the inconvenience it caused.

My final decision

I uphold the complaint and direct Lloyds Bank PLC to pay J a further £300.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 19 July 2023.

Jade Rowe
Ombudsman