

The complaint

Mr R is unhappy that Lloyds Bank PLC won't allow him to make payments to his Bounce Back Loan servicing account via direct debit.

What happened

Mr R, a sole trader, has a Bounce Back Loan ("BBL") with Lloyds. Mr R's main business banking is with another bank. However, Lloyds will only accept monthly payments to a BBL from a Lloyds bank account. This means that Mr R has to make payments to a loan servicing account that he holds with Lloyds, from which the BBL payments are then taken.

Mr R asked Lloyds if he could set up a direct debit to make payments to the loan servicing account at the appropriate time every month, to ensure that he didn't miss a BBL payment. But Lloyds explained that their loan servicing accounts don't accept direct debit payments, and that if Mr R wanted to set a recurring automated payment to the account he would have to do so via standing order. Mr R wasn't happy that Lloyds wouldn't let him set up a direct debit to the loan servicing account, so he raised a complaint.

Lloyds responded to Mr R but reiterated their position. Mr R wasn't satisfied with Lloyds' response, and he noted that he had dyslexia and an auditory processing disorder and felt that Lloyds were refusing to make reasonable adjustments for him. So, he referred his complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Lloyds were treating Mr R unfairly by not allowing him to make payments by direct debit to an account of a type that didn't accept direct debit payments. Mr R didn't agree, and so the matter was escalated to an ombudsman for a final 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.

When the BBL scheme was put in place in 2020, credit providers that joined the scheme, such as Lloyds, were allowed to make commercial decisions regarding several aspects of how they would administer the scheme. And one choice that Lloyds made was that they would only accept payments to a BBL from a Lloyds bank account.

Because Mr R has his main business banking with a bank other than Lloyds, this means that Mr R has to have a loan servicing account with Lloyds so that he can make the BBL payments from a Lloyds account as per Lloyds requirements. And, as the name of the account suggests, a loan servicing account is a type of account that exists solely to make payments to a Lloyds loan, such as a BBL.

Because of the specific and limited nature of a loan servicing account, Lloyds don't endow the accounts with many of the features that many of their other accounts have. And one such feature that loan servicing accounts don't have is the ability to receive payments by

direct debit.

Lloyds decisions as I've described them above, including that Lloyds will only accept payments to a BBL from a Lloyds account and that Lloyds loan servicing accounts don't accept direct debits, are commercial decisions that Lloyds are entitled to make.

Mr R would like to be able to make payments to his loan servicing account by direct debit. And given the nature of his disabilities, he feels that by not allowing him to make payments to his account by direct debit, that Lloyds are failing to make reasonable adjustments for him as per the requirements of the Equality Act 2010.

But this service isn't a Court of Law, and so I'm unable to decide whether Lloyds have acted in accordance with the Equality Act 2010 or not. Because of this, while I've taken the Equality Act 2010 into account here, I've ultimately made my decision based on what I feel is fair and reasonable, as per the remit of this service. If Mr R wants a decision that Lloyds has breached the Equality Act 2010, he would need to obtain one from a Court of Law.

When assessing this complaint, I've asked several questions. These include whether I feel that Mr R's request to be allowed to make payments to his loan servicing account is a fair and reasonable one. And upon consideration, I'm not persuaded that it is.

I say this because, as explained, Lloyds' loan servicing accounts aren't structured to accept direct debit payments. And because of this, I don't feel the adjustment that Mr R would like Lloyds to make is as straightforward or as simple as he may believe.

Additionally, Lloyds have proposed what seem to me to be several viable alternative options for Mr R, even in consideration of his disabilities. These include that Mr R could set up a standing order. And while I note Mr R's objection that standing orders don't offer the same alerts and reminders that direct debits do, I feel that Mr R could reasonably overcome this issue by setting up a recurring alert on his calendar, either a paper or digital one such as is commonly found on mobile phones.

Another possible solution for Mr R would be to place additional money in the loan servicing account, so that there is a buffer if he forgets to make a payment for whatever reason. And I also note that Mr R could apply to Lloyds to open a business current account with Lloyds, from which he may be able to make payments to the BBL directly.

Ultimately, in consideration of all the above, I feel that Mr R is asking Lloyds to make a potentially significant exception to their operating protocols here. And I'm not convinced that expecting Lloyds to do so is fair, given that there appear to be relatively unproblematic and viable alternatives that Mr R himself can take.

Because of this, I won't be upholding this complaint or instructing Lloyds to take any further or alternative action. I realise this won't be the outcome that Mr R was wanting, and I hope he understands, given what I've explained, why I've made the final decision I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 3 April 2025.

Paul Cooper

Ombudsman