

The complaint

T, a limited company, complains that Lloyds Bank PLC provided poor service and declined its loan application.

What happened

T wanted a loan of £25,000 for business equipment. It complains that its loan application which it started on 28 December 2023 was affected by technical issues at Lloyds. And that the member of staff it dealt with took too long with the application and came back for more information that could have been requested at the outset. This caused delay and it needed the funds.

Lloyds accepted that it provided poor service. It paid T a total of £120 for inconvenience and £24 towards the call costs involved. Lloyds said it had reviewed the application and declined this taking into account a number of factors.

Our investigator recommended that Lloyds pay a further £160 in compensation and it agreed to do so. He said that there were IT issues that contributed to the delay. And that a later email about required financial information for the application didn't specify that supporting company accounts were required. T didn't receive a decision about its loan until 9 January 2024. It was a matter for Lloyds to decide whether to provide finance. But a further payment of compensation to reflect the poor service and delay was appropriate.

T said that it wanted the complaint to be reviewed. It accepted that the loan decision was a matter for Lloyds. But the compensation involved wasn't sufficient as this would have no impact on Lloyds and so it would feel free to behave in a similar way to other customers.

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've listened to the call recordings provided by Lloyds. T had made an application online on 28 December 2023. T said it was indicated that it would be 'likely' to receive finance but would need to speak to a member of staff. It did so and the online application couldn't be retrieved. T spent over an hour going through the application and answering all the questions put. Due to technical issues, it couldn't be submitted that day. And Lloyds called T three times the following day. In the last of those calls the member of staff did a 'recap' of the application and it was submitted.

On 3 January 2024 T was called and told that the application was returned for further information. At that time T started a complaint. The member of staff also sent T an email setting out what was required about turnover and other information about the director's personal finances. I understand T sent that in on 4 January 2024 having contacted its accountant. On 5 January 2024 Lloyds called to ask about the information and the accounting periods. The member of staff accepted that this hasn't been set out in the email. T obtained the source accounts and in a latter call discussed this with Lloyds.

On 9 January 2024 Lloyds called T to say that the lending had been declined. It explained the main reasons for this and told T about the right to appeal. T didn't want to pursue this.

My assessment

I take into account that a lending application will always take time and that Lloyds needed to and is reasonably expected to undertake a full review. There seemed to be a clear opportunity for this to be done in the initial call and follow up. Instead, T was asked for more information and even that wasn't made fully clear. T needed to approach its accountant on more than one occasion at an especially busy time of year. It was as T accepts up to Lloyds to decide whether to provide finance, but T can't understand why it took so long to do so given what was involved.

I need to decide on appropriate compensation for T, a separate legal entity that can't suffer distress and taking into account our published guidelines. And that our role isn't to punish businesses or require changes in processes as we aren't the regulator. I'm solely looking here at the impact on T. Having done so I consider that the further amount of compensation recommended by our investigator is fair and I won't be increasing this. T has already been paid £120 compensation and £24 towards expenses. I'm awarding a further £160 making a total payment of £304.

My final decision

My decision is that I uphold this complaint and I require Lloyds Bank PLC to pay T a further £160 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 16 August 2024.

Michael Crewe
Ombudsman