

The complaint

Mr A complains that Lloyds Bank PLC is unfairly holding him responsible for repayment of a Bounce Back Loan (BBL) taken in the name of a partnership of which he is no longer a member.

What happened

In 2017, Mr A formed a business partnership with another person. The partnership had a bank account with Lloyds.

Mr A says he left the partnership in November 2019.

In May 2020, Lloyds received an application from the other partner on behalf of the partnership, for a BBL of over £26,000. The bank agreed to the loan.

BBLs were designed to help businesses get finance more quickly if they were adversely affected by the coronavirus outbreak. Under a government-backed scheme, lenders could provide a loan with a six-year term for up to 25% of the customer's turnover, subject to a maximum of £50,000.

In 2023, Lloyds sent a formal demand to Mr A for repayment of the BBL balance, which was still over £26,000. Mr A complained to the bank, saying he'd left the partnership several years earlier and he'd had no knowledge of the BBL until the bank sent the demand.

Lloyds said it hadn't received any correspondence advising closure of the partnership account. The bank said that it would block the account, as there was a dispute between the parties to the account. But the bank didn't change its position on liability for repayment of the BBL debt, so Mr A referred his complaint to us.

Our investigator said she didn't think Lloyds should be required to do anything differently, because Mr A had remained as a party to the partnership bank account and therefore the bank was entitled to seek repayment from either or both partners.

Mr A disagreed with the investigator's conclusion and asked for an ombudsman to review the case. He said the bank hadn't notified him that the other partner had applied for a BBL as sole signatory. Mr A had received no benefit from the loan proceeds. Mr A also sent us a copy of a letter he sent to Lloyds in May 2022 asking the bank to seek his permission regarding any attempt by his co-signatory to alter the terms of the bank account in any way, including any request for overdraft facilities.

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'm sorry to disappoint Mr A, but I've reached the same conclusion as the investigator.

From the outset, the terms and conditions of the partnership bank account allowed either signatory to spend money from the account and to authorise business for the partnership. This was in line with the usual arrangements for a business partnership. In 2020, the account details hadn't changed, so the bank was entitled to receive and to approve the other partner's application for a BBL in the name of the partnership, without Mr A's signature and without notifying him. As business partners registered on the account, both signatories would remain jointly and severally liable for the partnership debt.

Mr A says he'd called Lloyds and asked to be removed from the account mandate, but there's no evidence from either party to support this. In any event, the bank wouldn't have removed him from the partnership account solely as a result of a phone call – the process would have required a signed formal mandate change request. There's no evidence of any request for a change to the account mandate.

I have no reason to doubt that Mr A wished to end his association with the other partner, but I conclude from the evidence that he didn't withdraw from the partnership account, which therefore remained active with both signatories unchanged, leaving both of them with their existing rights and obligations.

Mr A has provided a copy of a letter he wrote in 2022, about the partnership account, which suggests that he was aware that the account was still active and had both signatories at the time. The bank says it received no communication from Mr A about the partnership account until 2023. But even if the bank had received Mr A's 2022 letter, it wouldn't change my decision. That's because the BBL had been taken out two years earlier, in 2020, so the debt already existed in the name of both signatories before the letter was written.

I realise that Mr A will be disappointed by my decision, and I recognise that these events have left him in a very difficult financial situation. But, given the circumstances as described above, I can't reasonably instruct Lloyds to remove Mr A from any responsibility for repayment of the BBL debt.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 6 May 2025.

Colin Brown
Ombudsman