

The complaint

Mr P complains that Lloyds Bank PLC caused a delay in the repayment of his business's debt.

What happened

Mr P was the director of a company I'll refer to as "C". In November 2022 he provided a personal guarantee for C's borrowing from Lloyds.

In early September 2023 Companies House notified Lloyds that C was going to be struck off the Register of Companies in two months' time.

In November 2023 Mr P told Lloyds that he wanted to make a payment into C's account to bring the overdraft back within the agreed limit. He said he was expecting a large payment in mid-December. That would be enough to repay the debt in full. But Lloyds told Mr P that it couldn't accept payments into C's account as it was blocked because C had been dissolved.

Mr P complained to Lloyds. He said he wanted to pay off C's overdraft and was unhappy about fees and charges continuing to accrue on the account because Lloyds wouldn't allow him to do so.

In early December 2023 Lloyds sent Mr P its final response to his complaint. It enclosed a cheque for £50 to apologise for the inconvenience of having had to spend a lot of time on the phone, where he'd been passed between the bank's departments. Lloyds acknowledged that it must be extremely frustrating for Mr P that it couldn't allow transactions on C's account. And it said that Mr P should wait for its recoveries department to contact him to discuss a repayment plan, which it acknowledged might take some time.

C's account was transferred to Lloyds' recoveries team on 19 December 2023. Around the same time, the interest which had been debited to C's account since 20 November 2023 was refunded to the account. Mr P remained dissatisfied with Lloyds' handling of the situation and brought his complaint to this service.

One of our investigators considered the complaint. He said, in summary, that although Mr P had experienced inconvenience, he wasn't financially worse off as a result of Lloyds' actions. He didn't consider that Lloyds should be required to pay Mr P further compensation. He said Lloyds should give Mr P the option to clear C's debt in full. If Mr P hadn't done so within a month, he could set up a repayment plan.

Mr P didn't agree with the investigator's view. He reiterated that he tried multiple times to clear C's debt, but Lloyds repeatedly told him that it wouldn't accept payment. Mr P said he'd like an ombudsman to consider his complaint, so it's been passed to me to make 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.

Lloyds blocked C's account because once C had been dissolved, C was no longer a legal entity. I fully understand how frustrating it was for Mr P to be told that he'd need to wait to repay C's borrowing. And I can understand what a concern the prospect of interest and charges accruing on the account would have been, at what would already have been a stressful time.

Lloyds has refunded the interest that was charged to C's account after 20 November 2023, when Mr P contacted it about repaying C's overdraft. It's also told us it's willing to refund the service charges on C's account over that period if Mr P requests this.

Lloyds sent Mr P £50 to apologise for the poor service he received on the phone when he initially contacted it about repaying the overdraft. C's overdraft is a substantial sum. I accept that Mr P was willing to repay that sum in December 2023, and he's provided evidence to show that he had the means to do so. But I've borne in mind that he's had the use of the money in the months since then and no interest has been charged on C's overdraft. I'm sorry to disappoint Mr P, but taking this into account, I agree with the investigator that it wouldn't be fair to require Lloyds to pay further compensation to Mr P.

I'd encourage Mr P to speak with Lloyds about his current circumstances with a view to agreeing an affordable repayment plan for the balance on C's account.

My final decision

My decision is that I can't require Lloyds Bank PLC to do more than it's already agreed to do. So I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 18 October 2024.

Juliet Collins
Ombudsman