

The complaint

Mr H has complained that Lloyds Bank PLC (“Lloyds”) was unable to locate evidence that he’d been declined a business account. Mr H says that he’d been given conflicting information about whether he could use a personal account when operating as a sole trader.

Mr H is also unhappy about a delay in Lloyds responding to a Data Subject Access Request (“DSAR”) and the level of service he received in response to his complaint.

What happened

Mr H was planning on starting a business, but says he was incorrectly told by Lloyds that he couldn’t run a business with a personal account and would need to open a business account.

Mr H says he applied for a business account around the same time that he opened a personal account with Lloyds, but says his application was declined. When Mr H enquired about whether he needed a business bank account when operating as a sole trader, Mr H says he was given conflicting information. Mr H subsequently complained to Lloyds about this.

Lloyds issued its final response letter on 15 September 2024. Lloyds said it couldn’t find any record of Mr H applying for a business account previously. So it couldn’t explain why his application may’ve been declined. Lloyds explained that limited companies and partnerships should not be run through personal bank accounts, but a personal account could be used by a sole trader. Although Lloyds added that it would be advisable, even for a sole trader, to use a business account so that the bank could provide services more tailored to a business’s needs.

To apologise for the service that Mr H received and the amount of time he spent on the phone, Lloyds sent Mr H a cheque for £30.

After Lloyds issued its response, Mr H spoke to Lloyds’ account opening team on 20 September 2024, to apply for a business account over the phone. Mr H asked for Lloyds to confirm if he could run a sole trader business on a personal account and it was confirmed, after the member of staff double checked, that the answer given in the final response letter was correct regarding that point.

Mr H made a number of other calls to Lloyds about his business bank account application and to chase up a response to a DSAR Mr H says he made on 20 September 2024. Lloyds says that in several of the calls, its staff members ended the calls because of the way Mr H spoke to them.

After Mr H referred his complaint to this service, one of our investigators assessed the complaint. In summary, they acknowledged that Lloyds may’ve taken slightly longer than it

was expected to take, to respond to the DSAR, but overall, they didn't think that Lloyds need to do anything more than what it'd already agreed to do.

Mr H disagreed with the investigator's conclusions, so the matter was referred for an ombudsman's 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 reviewed everything, including listening to a large number of call recordings that Mr H and Lloyds have provided, I don't uphold this complaint. This is for broadly the same reasons that the investigator gave. I will explain why.

In terms of the business account that Mr H says he applied for around the time he opened his personal account, Lloyds has no evidence of this on its records. Mr H has suggested that he was declined a business account due to a system failure. Although, during a conversation with Lloyds, Mr H did say that he couldn't remember how he was notified that an application had been unsuccessful.

So it is the case that, although Mr H says he was declined a business account, he can't provide any evidence (other than his testimony) that Lloyds had received an application or that one had been declined. And Lloyds can't locate a declined application on its records either. So given the evidence available, I can't reasonably say that Lloyds has treated Mr H unfairly in being unable to locate any information about the application that Mr H has referred to.

Turning now to the information Mr H was given about the type of account he needed, it's not in doubt that Mr H had been given differing information. But when Lloyds addressed Mr H's complaint, it confirmed that he could use a personal account when operating as a sole trader. So I'm satisfied that Lloyds, in responding to the complaint, had put right any confusion that may've previously been caused to Mr H.

I note that during a call on 20 September 2024 - when Mr H was speaking with Lloyds' Business Banking team about whether to open a business account – Mr H was initially told he'd need a business account. Mr H challenged the member of staff and pointed out that Lloyds' complaint team had already told him he could use a personal account. To avoid giving Mr H wrong information, the member of staff put Mr H on hold and checked what the correct position is on such matters. The member of staff then confirmed that Mr H could use a personal account when operating as a sole trader, in accordance with what the complaints team had told him. So, although Mr H may've been given incorrect information at times, I'm satisfied that Lloyds had put things right by confirming (more than once) the correct information to address Mr H's concerns.

When Lloyds responded to Mr H's complaint, Mr H was unhappy that the redress was sent by cheque. Although Mr H was unhappy with this, I can't say that Lloyds sending him a cheque is unreasonable. Afterall, it's a valid form of payment. And, when Mr H raised his dissatisfaction with Lloyds about being sent a cheque, it cancelled the cheque and transferred the money into his bank account instead. So again, I think it dealt with matters fairly.

I appreciate that Mr H has been dissatisfied with how Lloyds dealt with his complaint. Many of the phone calls I listened to concerned Mr H's expressing his dissatisfaction with how his

complaint was being handled. On some occasions, Mr H called Lloyds repeatedly because he was unwilling to accept what he was being told and asked that a different complaint handler deal with his complaint and at times, asked to speak to complaint handler managers.

Having listened to these calls, I'm satisfied that Mr H's dissatisfaction was by and large about Lloyds' complaint handling processes and how his specific complaint had been handled. But, it is the case that complaint handling in itself is not a regulated activity that this service is able to look into. Because of this, I'm unable to address the aspects of Mr H's complaint about how Lloyds handled his complaint. It therefore follows that I can't award compensation for the complaint handling aspects of Mr H's complaint, regardless of whether I think compensation is warranted or not.

Finally, I understand that Mr H raised a DSAR. He says he asked for all of the call recordings to be issued to him on 20 September 2024 and this was not processed by Lloyds until 4 November 2024. I understand that if Mr H had raised a DSAR with Lloyds on 20 September 2024, its eventual response was outside of the 30-day time limit.

Having listened to the available call recordings from 20 September 2024, I didn't hear Mr H make a DSAR. Although, it would seem, based on what Mr H said in those calls that he had other conversations with Lloyds on the day. So I accept it's possible that he did make a DSAR on 20 September 2024. But even if he had made a DSAR on 20 September 2024, during a call on 2 October 2024, Mr H asked for further call recordings to be sent to him i.e. all the calls made up until 2 October 2024 – which of course won't have formed part of his original request for personal information. So, I don't think the added delay in responding to Mr H's DSAR was entirely unreasonable. And, in later calls (most of which occurred on 22 October 2024) unhappy with the lack of response, Mr H asked what the process was to submit further DSARs. I understand why Mr H had repeatedly asked about this. But Lloyds had already explained the process to make a DSAR in a letter it sent to him on 1 October 2024.

I understand that Mr H made the DSAR to obtain call recordings, so that he could refer his complaint to this service. But there was nothing preventing Mr H from contacting this service, even if he didn't have the call recordings. And Mr H was told a number of times by Lloyds that he could refer his complaint to this service if he remained unhappy with Lloyds. So I can't say that the delay in providing him with the phone calls impacted his ability to contact this service. Therefore, although Lloyds may've responded late, at the same time I don't think the delay was so unreasonable, as to warrant compensation.

So overall, whilst I acknowledge that not everything may've gone as it should've, I can't say Lloyds is at fault for being unable to find the previous business account application. I'm satisfied that Lloyds (both its complaints department and business banking department) did confirm that Mr H could use his personal account when operating as a sole trader. I appreciate that the response to the DSAR may've been delayed. It seems this was because Lloyds was unaware Mr H had asked for call recordings on 20 September 2024. But overall, I don't think the delay was such that it warrants any further compensation. As such, I don't think Lloyds needs to do anything more in relation to this complaint.

My final decision

Because of the reasons given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 May 2025.

Thomas White
Ombudsman