

The complaint

A company, which I'll refer to as M, complains that Lloyds Bank PLC caused delay in changes to its account mandate and that the bank wrongly permitted a payment from the account.

What happened

M has a business current account with Lloyds. In the spring of 2024, M approached the bank with the aim of adding a person to the company's signatories and changing the signing rules. M submitted the required form, but additional information was needed, so the bank asked M to resubmit the form. There were further exchanges between the parties. The mandate changes were completed during June 2024.

In May 2024, a director of M authorised a transfer of £6,000 to another company, under the existing signing rules, before they were changed.

M complained to Lloyds that the mandate changes took too long, as a result of failures by the bank, and that the transaction shouldn't have happened.

The bank didn't think it acted wrongly by carrying out the transfer. It offered £50 compensation for inconvenience during the mandate change process. M didn't accept Lloyds' offer and referred its case to us.

Our investigator didn't recommend that Lloyds should reimburse M for the transfer. She thought that Lloyds' offer of £50 for inconvenience was fair and reasonable.

M didn't agree with the investigator's conclusions and asked for an ombudsman to review the case.

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 M's directors, but I've reached the same conclusions as the investigator.

Mandate changes

When M submitted the mandate change form, the bank required further information from the company – in particular, some more details about the signing instructions. But when Lloyds communicated with M about the matter, the director who received the email didn't pass it on to the other directors. I can't reasonably hold Lloyds responsible for this delay. If the email had been passed on, then the other directors could have addressed the outstanding matter sooner and the mandate could have been changed promptly.

Lloyds' branch staff gave face-to-face help with the form and the bank has offered compensation for its own shortcomings, but in my view they contributed little to the delay. In the circumstances, I think the bank's £50 offer is fair and reasonable.

The transaction

At the time the transfer of £6,000 was made, in May 2024, the account signing rules permitted one signatory to authorise such a transfer. The director had authority to make the transaction alone, so I can't say the bank made an error in executing the transfer.

M argues that if the mandate changes had been completed earlier, then its director wouldn't have been able to make the transfer alone, so the bank should reimburse the company for its loss. But I've already said that I don't think Lloyds contributed significantly to the delay, so I can't reasonably hold the bank responsible for this loss.

In any event, even if the delay had been a result of a failure by the bank (and, to be clear, I don't think it was), I still wouldn't require Lloyds to reimburse M for the transferred funds. That's because the director sent the funds to a company that he owns and controls, and he is therefore in a position to return the funds to M. He is still a director of M and a signatory to M's account.

Moreover, M has told us that although there had been a dispute between the directors, the dispute was resolved after the director who made the transfer was spoken to. In my opinion, if the dispute among the directors about this transfer is now settled, then it can only have been settled for one of two reasons - either the money has been returned from the other company, or M's directors are happy for it to remain with the other company. In either case, I can't reasonably require the bank to reimburse M for the sum transferred. Either M has already got the money back, or the directors are content for the money to remain with the other company, in which case M has suffered no loss.

If in fact the funds remain with the other company and M's directors aren't content with the situation, then in my view it's a matter to be settled between the directors themselves, not between M and the bank.

For these reasons, I don't require Lloyds to reimburse M for the £6,000 transfer.

In conclusion

Having looked at the evidence and arguments, I don't require Lloyds to reimburse M for the transfer. The bank has already offered £50 for inconvenience suffered by the company, and I think that's a fair and reasonable offer.

M says that its directors have suffered distress and inconvenience as a result of these events. But, as our investigator has pointed out, this complaint comes from the company, and not from the directors individually. The directors aren't the complainants here, and I can only consider inconvenience caused to the activity of the company, which I've already done.

M also says that the bank's complaint handling was at fault. I haven't been able to look into this, because complaint handling isn't an activity that the Financial Ombudsman Service has any powers to consider. We can look at the substantive matters complained about, and that's what I've done here.

My final decision

Lloyds Bank PLC has already made an offer to pay £50 to settle the complaint and I think this offer is fair in all the circumstances.

My final decision is therefore that Lloyds Bank PLC should pay £50 to M.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 28 April 2025.

Colin Brown
Ombudsman