

The complaint

A limited company, which I'll refer to as 'B', complains that Lloyds Bank PLC have unfairly and unreasonably placed an objection to it being dissolved.

B's complaint is brought to this service by its director, whom I'll refer to as 'Mrs W'.

What happened

B successfully applied for a Bounce Back Loan ("BBL") in 2020. By 2023, B had ceased trading and Mrs W sought to have the business dissolved. However, she found that B couldn't be dissolved because of an objection lodged at Companies House by Lloyds, which was done on the basis that B still had an outstanding BBL balance. Mrs W wasn't happy that Lloyds were preventing B from being dissolved, so she raised a complaint on B's behalf.

Lloyds responded to Mrs W but didn't feel that they'd done anything wrong and noted that the objection to B being dissolved had been instigated by the Department for Business and Trade ("DBT"). Mrs W wasn't satisfied with Lloyds' response, so she referred B's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Lloyds had acted unfairly towards B as Mrs W contended and so didn't uphold the complaint. Mrs W remained dissatisfied, so the matter was escalated to an ombudsman for 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.

I can appreciate that Mrs W is frustrated at not being able to dissolve B. However, I can confirm that the objection to B being dissolved has been instigated by the British Business Bank, which is a government-owned development bank wholly owned by the DBT and which conducts the high-level administrator of the BBL scheme.

The reason that the British Business Bank instigates such an objection is because the BBL scheme included a guarantee to lenders, such as Lloyds, that the British Business Bank would compensate them for any losses incurred under the scheme. This means that when B ceased trading, and stopped repaying its BBL, Lloyds could recoup the money that B owed on the BBL from the British Business Bank.

When considering this guarantee, it must be remembered that the BBL scheme was arranged in response to the developing global pandemic in 2020. A key feature of the scheme was that it was intended to provide money to businesses experiencing financial difficulty because of the pandemic, quickly. This meant that usual creditworthiness checks completed by lenders by loan applicants weren't required – instead, if a business said that it understood and met the lending criteria of the scheme, it was awarded a BBL without any checks into its creditworthiness being undertaken. This entailed a high degree of risk for lenders, and so the UK Government included the BBL guarantee for lenders in the scheme.

If we consider B's case specifically, B borrowed money from Lloyds which it didn't repay. Lloyds was able to recoup that money from the British Business Bank via the guarantee, which meant that, effectively, B's outstanding BBL debt is now owed to the British Business Bank – which is why the British Business Bank has instigated an objection, via Lloyds, to B being dissolved. If Mrs W is unhappy at this point, I can only refer her to the British Business Bank to discuss the matter with them.

Regarding B's complaint against Lloyds, it follows that I can't reasonably say that Lloyds have acted unfairly here, because it is acting as expected and required as per the operation of the BBL scheme, and I wouldn't consider it fair to expect Lloyds to depart from the Government's approach or expectations in these circumstances. Ultimately, the objection to B being dissolved is in accordance with the BBL scheme, which as explained, Lloyds do not administer.

I also note that Lloyds have provided conflicting information to Mrs W about the possibility of the objection being removed, including that it will be removed once Lloyds' recoup what they're owed via the BBL guarantee. It seems clear that Mrs W was given incorrect information in this regard, although I feel that the misunderstanding was understandable given the unique nature of the BBL scheme and that the high-level administration of how the scheme worked was not widely understood (nor was it reasonably expected to be, in the circumstances).

Importantly, the incorrect information had little impact on B, the limited company, which would always be prevented from being dissolved regardless of what information was given to Mrs W. And while I acknowledge that Mrs W was personally frustrated by what happened, I'm unable to consider any personal frustration or upset that Mrs W may have incurred, because this complaint is raised in the name of B, the limited company, and not in Mrs W's name in her personal capacity.

That this complaint is raised in B's name is correct, because B is the eligible complainant as per the rules by which this service must abide. The rules can be found in the Dispute Resolution ("DISP") section of the Financial Conduct Authority ("FCA") Handbook, and include that for a complainant to be eligible, the complaint must arise from an account in that complainant's name. In this instance, the complaint arises from accounts in B's name, meaning that B is the eligible complainant. And while Mrs W may have been frustrated by the incorrect information given to her by Lloyds, B the limited company was not frustrated, because a limited company is a legal entity and lacks the capacity to be frustrated.

The key points here are that the DISP rules, which define my remit and authority and to which I must abide, include that I can only consider the impact of events on the eligible complainant. And in this instance, I don't feel that the provision of incorrect information to Mrs W had any impact on B, the eligible complainant, because as previously stated, it didn't change the fact that an objection would remain in place to it being dissolved.

I appreciate that this will all be frustrating for Mrs W, but it follows that I won't be upholding this complaint or instructing Lloyds to take any form of action here. This is because I don't feel that Lloyds have acted unfairly or unreasonably regarding the objection to B being dissolved and because I feel that the incorrect information provided to Mrs W had no tangible impact on B the limited company. I hope that Mrs W will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or reject my decision before 10 February 2026.

Paul Cooper
Ombudsman