

## **The complaint**

A limited company, which I'll refer to as 'T', complains that Lloyds Bank PLC didn't notify it that its Bounce Back Loan ("BBL") was in arrears until it was too late to avoid the loan being defaulted.

T's complaint is brought to this service by its director, whom I'll refer to as 'Mr F'.

## **What happened**

On 23 September 2024, Mr F was notified by T's accountants (whose address was the registered company address for T at Companies House) that a final demand letter had been received from Lloyds which demanded full repayment of the outstanding BBL balance and that the loan was at risk of immediate default because of missed payments.

Mr F called Lloyds to discuss the matter with them, but because he wasn't a signatory on T's Lloyds's account, Lloyds wouldn't speak with him and instead explained that Mr F needed the other director of T (who was an account signatory) to formally add Mr F as an account signatory.

T's other director made a formal request to add Mr F as an account signatory on 2 October, and submitted identity documents for Mr F with that request. Lloyds then assessed the request, and on 8 October they responded and explained that in order to add Mr F as a signatory to the account, he would need to visit a Lloyds branch with a copy of his personal identification documents and have them certified in branch.

Mr F visited a Lloyds branch on 13 October and was added as an account signatory that same day. However, by the time Mr F had visited branch, T's BBL had already been defaulted for non-payment by Lloyds. Mr F wasn't happy about this, especially as T hadn't received any prior notice from Lloyds that the BBL was in arrears before the final demand was received. So, he raised a complaint on T's behalf.

Lloyds responded to Mr F but didn't feel that they'd done anything wrong and explained that when payments had been missed, they had sent letters to the address they held on file for T and hadn't received any return mail. Mr F wasn't satisfied with Lloyds' response, so he referred T's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Lloyds had acted unfairly as Mr F maintained and so didn't uphold the complaint. Mr F 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.

Having done so, I note that in his correspondence with this service, Mr F has made several points of a legal or regulatory nature. I'd therefore like to begin by confirming that this service

isn't a regulatory body or a Court of Law and doesn't operate as such. This means that it isn't within my remit here to declare that Lloyds have or haven't acted in a non-regulatory or unlawful way.

Mr F has also questioned whether the primary function of this service is to protect consumers. I can confirm that it is not. This service is an informal, impartial dispute resolution service with a remit based on fairness of outcome. Being impartial, we seek to ensure an outcome that is fair for all parties – both the complaining consumer and the respondent business. As such, we consider both the consumer's position and the business' position equally.

Accordingly, while we do take relevant law and regulation into account when arriving at our decisions, I've based my decision here in accordance with the remit and authority I possess, which is to determine whether I feel that a fair or unfair outcome has occurred – from an impartial perspective, after taking all the relevant circumstances and factors of this complaint into consideration.

I'm aware that the directors of T have experienced very difficult personal circumstances, which Mr F feels should be considered as a relevant factor here. However, as has been previously explained by our investigator, because this complaint is raised in the name of T, the limited company (who is the eligible complainant here, given that the complaint arises from a BBL in T's name), I'm unable to consider the personal circumstances of Mr F or his co-director.

This is because neither Mr F nor his co-director are eligible complainants here in their personal capacities. And because the eligible complainant is T, the limited company, I can only consider Mr F and his co-director in their roles as directors of T. In saying this, I'm not trying to invalidate or diminish the impact or effect on Mr F and his co-director of their personal circumstances and I in no way mean any disrespect. It's simply a consequence of the rules this service must abide by when the eligible complainant is a limited company.

Lastly, before I move to the merits of this complaint, I note that Mr F has provided several detailed submissions to this service regarding T's complaint. I'd like to thank Mr F for these submissions, and I hope that he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr F notes that I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point. I can confirm that I've read and considered all the submissions provided by both T and Lloyds. Accordingly, I can also confirm that if Mr F notes that I haven't responded to a specific point he's raised, I have considered that point, but I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

When referring T's complaint to this service, Mr F has said that Lloyds sent a final demand to T without any prior notice that the account was in arrears. I don't agree with Mr F in this regard. Instead, I'm satisfied that Lloyds sent several missed payment letters and arrears correspondence to T to the address they held on file for T, but this mail wasn't received by T because T's directors didn't update the address that Lloyds held for the company.

Ultimately, it was the responsibility of T's directors to have ensured that Lloyds held an up-to-date mailing address. And because T's directors didn't ensure that the address Lloyds held was correct, but instead allowed an incorrect address to remain listed for T on Lloyds' systems, there was no reason for Lloyds to believe or suspect that the mail that they were sending to T wasn't being received by its directors – especially as Lloyds didn't receive any

returned mail which would have given them cause for concern.

Mr F has asked why, when issuing the final demand, Lloyds suddenly changed the address that they wrote to. But it isn't necessarily the case that an business account holder will want its registered company address to be used as its mailing address, which is why banks such as Lloyds allow companies to choose the address they want mail to be sent to (and, as explained above, in this instance the directors of T didn't update that address).

Furthermore, it wasn't the case that Lloyds sent the final demand to T's registered company address instead of the address that they held on file for T, but that given the seriousness of the letter, as a failsafe, they sent it to the registered company address as well as to the address they held on file.

That Lloyds have such a failsafe in place to mitigate against instances where a company may not have maintained an up-to-date address with them is commendable, and it must be noted that it worked: T did receive the final demand notice via its accountants with sufficient time for its directors to contact Lloyds and potentially avoid the account being defaulted.

But matters were complicated here by the fact that when Mr F tried to speak with Lloyds', he was not an account signatory on the Lloyds account, and by the fact that the director of T that was an existing account signatory didn't themselves contact Lloyds to discuss the situation. This meant that Mr F had to be added to the account as a signatory, which took time. And when that process had been completed it was unfortunately the case that T's BBL had already been defaulted.

I can appreciate how this would be frustrating for T's directors. But again, it was the responsibility of T's directors to have ensured that the correct directors were listed as account signatories with Lloyds, and I don't feel that Lloyds acted unfairly by following the process that they did here when a director who wasn't an account signatory wanted to interact with them.

It's also important to note that another responsibility of the directors of T was to have monitored the BBL and to have been aware that payments were or weren't being made towards it. This means that even in the absence of missed payment letters being received by T's directors, the directors should have been aware that the BBL was in arrears, via monitoring both the BBL account itself and also the account from which the directors of T expected payments to the BBL to be made.

Finally, Mr F has questioned why Lloyds didn't pick up on the fact that when T applied for the BBL, the application form included a post code for T that was different from the one Lloyds held on file for it. However, the BBL scheme was unique and unprecedented in that was a UK Government initiative in response to the global emergence of the Covid-19 pandemic. Because of this, there was a requirement to process applications quickly, meaning that the regulatory checks that usually apply to loan applications were suspended such that a BBL application was self-certified. This means that loan providers such as Lloyds didn't have to check details such as post codes, and that it was instead the responsibility of the applicant to have ensured that all information in the application was correct.

This means that Lloyds didn't pick up on the discrepancy in post code between its records for T and the BBL application for, because it didn't check the post code on the application against its records – and neither was it required or expected to. However, the requirement for T's directors to have ensured that they updated Lloyds of any address changes for T remained in place.

All of which means that I don't feel that Lloyds have acted unfairly towards T here as its

directors maintain. Instead, I feel that Lloyds acted fairly and reasonably in sending missed payment and arrears correspondence to the address that T's director's maintained as a correspondence address for T with Lloyds. And I feel that T's directors should fairly and reasonably bear the responsibility and the accountability for not ensuring that T's address with Lloyds was up to date, for not monitoring the BBL to ensure that payments to the loan were being made, and for not ensuring that the correct directors were listed as account signatories with Lloyds.

I realise this won't be the outcome that Mr F and his co-director were wanting. But it follows that I won't be upholding this complaint or instructing Lloyds to take any further or alternative action. I hope that T's directors will understand, given all that I've explained (including the limiting factors described at the beginning of this section), 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 T to accept or reject my decision before 12 November 2025.

Paul Cooper  
**Ombudsman**