

The complaint

A limited company, which I'll refer to as 'L', complains about several aspects of the service it's received from Lloyds Bank PLC surrounding its Bounce Back Loan ("BBL")

L's complaint is brought to this service by its director, whom I'll refer to as 'Mr S'.

What happened

In September 2023, L utilised a six-month Pay As You Grow ("PAYG") capital repayment holiday on its BBL, wherein it would only be required to make interest payments to the loan for the next six months. The payment holiday would apply to L's BBL payments for the months September 2023 through February 2024, meaning that standard contractual payment terms would resume for the March 2024 payment onwards.

In February 2024, the payment holiday ended, and Lloyds sent a letter to L to remind them that full payments would resume in March. Lloyds then applied for a full BBL payment in March 2024. The payment was successful, meaning that L's account fell into arrears, and soon afterwards Mr S contacted Lloyds as he was unhappy that he hadn't been told that the payment holiday had ended.

Mr S discussed L's financial position with Lloyds, and Lloyds explained that there were further PAYG payment holidays that L could apply for, but that L would need to clear the arrears – the full missed payment amount – that had accrued on the loan. Mr S asked Lloyds to fold L's arrears into a new PAYG payment holiday, but Lloyds explained that it wasn't possible to do so. Mr S wasn't happy about this, or about the lack of contact from Lloyds when L's PAYG payment holiday had ended. So, he raised a complaint on L's behalf.

Lloyds responded to Mr S but didn't feel they'd done anything wrong regarding the information they'd given Mr S about L's PAYG payment holiday or in declining Mr S's request for L's BBL arrears to be incorporated into a new payment holiday. However, Lloyds did acknowledge that on some occasions they hadn't provided the standard of service that Mr S was entitled to expect, and they apologised to Mr S for this and paid £50 to L by way of compensation. Mr S wasn't satisfied with Lloyds' response to L's complaint, so he referred the complaint to this service.

One of our investigators looked at this complaint. But they felt that the response that Lloyds had issued to L's complaint already represented a fair resolution to it. Mr S didn't agree, 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 submissions to this service, Mr S has made several points of a legal or regulatory nature. I'd therefore like to confirm that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an impartial,

informal dispute resolution service with a remit based on fairness of outcome.

This means that I have neither the remit nor the authority to decide whether Lloyds have acted in accordance with law or regulation or not. If Mr S would like a decision of that nature he would need to engage with a Court of Law or a regulatory body accordingly. For instance, Mr S has said that he's unhappy that Lloyds didn't comply with a Data Subject Access Request he submitted. This would be a matter for the Information Commissioner's Office ("ICO") to consider, given that they're the appropriate regulatory body. It's my understanding that Mr S has referred his dissatisfaction in this regard to the ICO already.

What I can decide, in line with the remit of this service, is whether I feel Lloyds have acted fairly in their dealings with L. And so, while I will take relevant law and regulation into account when assessing fairness, I will only be doing so in regard to making a decision about whether Lloyds have acted fairly.

I also note that Mr S has provided several detailed submissions to this service regarding L's complaint. I'd like to thank Mr S 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 S 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 L and Lloyds. Accordingly, if Mr S notes that I haven't responded to a specific point he's raised, I confirm that I have considered that point but that 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.

In his ongoing correspondence with this service, Mr S has referred to events that took place after Mr S raised L's complaint with Lloyds. This service can only consider points of complaint that have previously been raised with a respondent business directly, such that the business has had a formal opportunity to consider and respond to those points of complaint.

This means that if Mr S is dissatisfied about events that took place after he raised L's complaint with Lloyds, then I can only refer him to Lloyds to raise a complaint about those events with them. This will give Lloyds a formal opportunity to respond to those points of complaint, after which Mr S may have the right to refer those points of complaint to this service as a separate submission, should he wish to do so at that time.

Mr S has also said that he's unhappy with how Lloyds have handled his complaint. But this service can only consider points of complaint about regulated financial matters. And how a business handles a complaint is not a regulated financial matter, even when that complaint is about a regulated financial matter. In short, this service cannot consider a complaint about how a business has handled a complaint.

All of which means that what I can consider here is whether Mr S's contention that he wasn't aware that L's PAYG payment holiday had a six-month term is reasonable, and whether Lloyds acted fairly towards L in their administration of its BBL surrounding that payment holiday.

I've listened to the call between Mr S and Lloyds when the payment holiday was agreed, and I'm satisfied that Lloyds' agent clearly explained to Mr S on that call that the payment holiday had a six-month term. Lloyds also sent an email to Mr S when the payment holiday was set up confirming that fact and detailing how L's BBL would be affected, which included that the

term of the payment holiday was six months.

Furthermore, in February 2024, when the payment holiday was coming to an end, Lloyds sent a letter and a text message to Mr S reminding him that L's payment holiday was about to end and that next month's payment would revert to the standard contractual amount. Mr S has said that he didn't receive either of these communications. But I'm satisfied that Lloyds sent them correctly, and it must be reiterated that they were reminders of information – the term of the payment holiday – that it was Mr S's responsibility as the director of L to have known, having been provided it previously when the payment holiday was agreed.

In consideration of these points, I don't feel that Lloyds acted unfairly in this regard as Mr S contends. Instead, I feel that Lloyds made Mr S aware of the payment holiday term length when the payment holiday was agreed, and that it was Mr S's responsibility to have remained aware of that term and when it was ending. I also feel that Lloyds did send reminders to Mr S that L's payment holiday was about to end, and that it isn't in any way Lloyds' fault if Mr S didn't receive those reminders.

As a consequence, I also don't feel that Lloyds acted unfairly by applying for the full payment amount in March 2024, when the payment plan had ended and when the standard contractual payment terms were back in force. And because L didn't make that payment, because there weren't sufficient funds in L's current account to cover it, I'm satisfied that it was fair and reasonable for Lloyds to have considered L's BBL to have fallen into arrears by one month, and to have reported those arrears to the credit reference agencies ("CRAs").

Mr S is also unhappy that Lloyds wouldn't allow L to incorporate the arrears back into their loan so that they would be covered by a further six-month PAYG payment holiday he wanted L to enter into. But PAYG payment holidays only apply to upcoming payments, not to payments that have already been missed, and so I'm satisfied that Lloyds were acting within their rights, and weren't acting unfairly, by refusing Mr S's request.

Mr S has suggested that because Lloyds wanted L to enter a payment arrangement to clear the loan arrears, that L would effectively have two loan agreements instead of one. But I'm satisfied that isn't the case and that there is only one loan agreement – the BBL agreement – which L have unfortunately not adhered to by missing contractually required payments. And because L haven't adhered to the repayment terms of the loan agreement, it seems fair and reasonable to me that Lloyds would require L to clear the accrued arrears alongside but separate to any arrangements that may be in place for upcoming payments.

Mr S is unhappy that Lloyds wouldn't allow him to clear L's BBL arrears using a credit card. But credit providers such as Lloyds have a responsibility to ensure, as much as possible, that an account holder doesn't fall into a potentially adverse financial position. For this reason, it isn't expected that credit providers would accept payment from account holders if an income and expenditure assessment has confirmed that the account holder has no disposable income. Similarly, it isn't expected that a credit provider would allow an account holder to clear arrears using another form of credit, and thus transfer debt from one location to another, and potentially incur higher charges or interest as a result.

Mr S also told Lloyds that he was unhappy that Lloyds had never informed him that L could make overpayments to its loan. But information about overpayments is included in the BBL loan agreement and is also available on Lloyds' website. Additionally, if Mr S wanted to make an overpayment on its BBL, he could have asked Lloyds if that was possible.

Finally, Mr S was unhappy that Lloyds didn't raise a complaint for L when he first asked them to do so. Lloyds upheld this complaint point and paid £50 to L as compensation for any trouble or inconvenience it incurred. This feels fair to me, given that Lloyds did raise a

complaint for L the day after Mr S first asked them to, such that the delay was relatively minor. As such, I don't feel that Lloyds should fairly be instructed to do anything further in this regard.

All of which means that I won't be upholding this complaint or instructing Lloyds to take any further or alternative action. This is because I don't feel that they have treated L unfairly as Mr S contends in the majority of instances, for the reasons explained above, and because I feel that the apology and £50 compensation that Lloyds have issued to L for not raising a complaint for L in the first instance already represents a fair outcome to that aspect of L's complaint. I hope that Mr S 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 L to accept or reject my decision before 3 March 2026.

Paul Cooper
Ombudsman