

The complaint

A company, which I'll refer to as L, complains that Lloyds Bank Plc gave incorrect information to its then director, Miss K, about Miss K's liability for L's debts. Miss K says that led to L incurring additional costs.

L is now in liquidation, and the liquidators have given permission for Miss K to bring this complaint to us on L's behalf.

What happened

In November 2024 L had two loans with Lloyds. The first was a Bounce Back Loan (BBL) originally taken out in 2020 for £15,000, and the second was a term loan taken out in 2023 for another £15,000. Lloyds took a personal guarantee from Miss K for the term loan, but did not take a personal guarantee for the BBL.

This dispute is about a telephone conversation Miss K made to Lloyds in November 2024. There is no dispute about what happened during the call, and Lloyds has been able to provide me with a recording. It is a very short call, in which Miss K asked Lloyds whether there was a director's guarantee attached to the term loan. Lloyds told her clearly that no security had been added to the term loan, and that no personal guarantee was attached. But Lloyds' comments were not true – Miss K had given a personal guarantee in 2023 for the term loan.

Miss K told us:

- She passed the information Lloyds gave her during the November 2024 call to her accountant. Based solely on that information, it was apparent that L had more debt than it could repay. As a result, liquidators were appointed in December 2024.
- In January 2025 Lloyds contacted her to say that she would need to personally repay L's term loan because she had given a personal guarantee. Lloyds explained that it had given her the wrong information in November 2024. She contacted the liquidators to ask if they could halt proceedings, but was told that it was too late.
- She has been personally affected, both because she is liable for the debt and because she has paid liquidator's fees for a company whose survivability was borderline – the loan liability tipped the scales. Choosing to place L into liquidation has cost her money which she could otherwise have used to pay towards the loan and try to trade for a little longer.
- Lloyds' error meant that she could not make a correct decision with correct information. She is now in even more debt than she began with "after paying the liquidator and my accountant to dissolve a business which did not have as much debt as originally suspected".
- If Lloyds had given her the correct information, she would not have attempted to place L into liquidation. Instead, she would have applied for a strike off – which would

have incurred a fee of £44 from Companies House. Instead, liquidation costs have exceeded £3,600. She considers that Lloyds should cover at least half of that amount.

Lloyds told us:

- It accepts that it gave Miss K the wrong information during her November 2024 call, and it is sorry. But it is satisfied that she would have already been aware that she gave a personal guarantee for L's term loan in 2020. She had been advised to read the guarantee and take legal advice on it before signing it.
- In any event, it does not agree that the misinformation it gave materially affected L's position. Regardless of whether Miss K had given a personal guarantee, L still owed both the term loan and the BBL. The bank is not satisfied that L could have continued to trade regardless of the information it had provided during the call.
- It has sent Miss K a cheque for £75 to apologise for its misinformation. However, it does not agree that it is liable for any of L or Miss K's costs. Accountancy costs would always have been incurred in order to determine the best course of action, and it is likely that L would have entered liquidation regardless of what the bank said during the November 2024 call.

Miss K didn't accept Lloyds' response, so she brought her complaint to the Financial Ombudsman Service.

One of our investigators looked at L's complaint but did not uphold it. He said that whilst the information given in the call about the personal guarantee was incorrect, he considered the debt owed by L was not changed by the misinformation. He said the fact the liability of the term loan was covered by a personal guarantee only changed whether Miss K could be held liable for the debt; it did not change L's own liabilities.

Our investigator wasn't persuaded that L's costs would have been any different had the correct information been given. He said Miss K hadn't provided evidence that L would have continued trading. He also said that if L's accountant had applied for strike off action, the action would be discontinued as L still owed a BBL.

Miss K did not accept our investigator's findings. She provided a letter from her accountant which showed the Companies House fee for strike off action is £44 and her fee for liquidation is £3,600 plus accountancy costs. She said Lloyds should at least pay half this expenditure rather than £75 paid for the incorrect information given on the call.

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.

Whilst I'm sorry to further disappoint Miss K, having done so I've reached the same conclusion as our investigator, for largely the same reasons.

Having listened to the call Miss K made to Lloyds, I'm satisfied that the Lloyds advisor told Miss K she was not personally liable for the debts of the limited company. However, whether Miss K is or is not personally liable for the debt makes no difference to L's liabilities. If it was apparent to Miss K that L had more debt than it could repay, then L would have had more debt that it was able to repay regardless of whether a personal guarantee was in place.

I have considered Miss K's point that she would have taken different actions had Lloyds told her that she was personally liable for the term loan, but I'm not persuaded by this argument. She told us that the limited company would have continued to trade, but she didn't submit any compelling evidence to demonstrate that would have been the case.

Further, if what Mrs K says is right, that would mean that the limited company not only would have needed to continue to trade, but it would also have needed to earn enough money to reduce its lending with Lloyds. Our investigator invited Miss K to provide evidence on that point, but I haven't seen anything to suggest that was possible.

With regards to the choices between strike off action and liquidation, I don't consider the incorrect information had any impact on this choice. I have noted Miss K's accountant's comments, but nevertheless I am aware that when a company with an outstanding BBL applies to be struck off the register of companies it is routine for an objection to be raised and the strike off action to be discontinued. That is part of the normal operation of the BBL scheme. So, the outcome Miss K wanted – for L to be struck off with minimal fees – was simply not possible.

Overall, I am not persuaded that Lloyds' error caused the losses to L that Miss K claims.

My final decision

For the reasons I've given above, my final decision is that I do not uphold this complaint against Lloyds Bank Plc.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 6 February 2026.

Laura Colman
Ombudsman