

## **The complaint**

A limited company, which I'll refer to as 'B', is unhappy that Lloyds Bank PLC declined its application for a Coronavirus Business Interruption loan ("CBIL") and that Lloyds didn't clearly explain why.

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

## **What happened**

On 29 March 2021, Ms S applied to Lloyds on B's behalf for a £125,000 CBIL. Lloyds declined this application on 1 April 2021 and highlighted affordability concerns as the reason.

Ms S appealed the decision and provided further information to Lloyds which, based on the feedback she'd received from Lloyds about the first application, she believed would be sufficient to enable Lloyds to accept B's application. But Lloyds declined B's appealed application also. Ms S wasn't happy about this. And she also wasn't happy that Lloyds refused to provide similar detailed feedback as to why they'd declined the appealed application, as they had for the initial application. So, she raised a complaint on B's behalf.

Lloyds responded to B and confirmed it didn't feel it had acted unfairly by declining B's initial and appealed CBIL applications as it had. Lloyds also confirmed that the primary reason for the declining of the application was concerns Lloyds held over B's ability to service the additional debt it was applying for. Ms S 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 Lloyds had acted unfairly in how it had managed the situation and noted that, ultimately, it was for Lloyds to decide whether it was willing to provide lending or not. Ms S remained dissatisfied, so B's complaint 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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also feel it's important to confirm that this service wouldn't generally instruct a bank to provide lending to a complainant in circumstances such as this, where Lloyds have confirmed that it's unwilling to provide lending to B. This is because lending decisions are commercial decisions that it's at the discretion of a bank to make. And this commercial discretion applies even regarding Government initiated schemes such as the CBIL scheme.

While it follows from the above that I wouldn't consider instructing Lloyds to provide a loan to B as Ms S would like here, I would consider instructing Lloyds to conduct a re-assessment of B's CBIL application – if I felt that Lloyds's hadn't conducted a fair assessment of B's application when arriving at its decision in the first instance.

However, having reviewed all the information provided to me by Lloyds about B's CBIL application, I'm satisfied that Lloyds have fairly assessed and considered B's application. And this means that I'm satisfied that Lloyds' decision not to offer a CBIL to B has been based on a fair assessment, and as such isn't unfair.

I can appreciate that Ms S would like to better understand why Lloyds arrived at the decision it did. And I can further appreciate how Lloyds' refusal to provide a detailed explanation as to why it declined B's appealed application – undertaken following the submission of further information to Lloyds from B – would be frustrating for Ms S, especially given that Lloyds did provide a detailed explanation of why it declined the initial application.

But Lloyds aren't obliged to provide the detailed reasoning as to why it declined B's appealed application as Ms S would like. And I don't feel that Lloyds' right in this regard is, or should, fairly be prejudiced by Lloyd's willingness to provide detailed information to Ms S regarding B's initial application.

Notably, Lloyds have provided a detailed explanation to this service as to why it declined B's CBIL application and the appealed application. And having reviewed this information – which Lloyds provided to this service confidentially and which as such I'm not at liberty to share with Ms S – I'm satisfied that Lloyds' have conducted a fair assessment of B's application and have taken the relevant information and factors into account. And I'm therefore satisfied that Lloyds' declining of B's CBIL application and appealed application wasn't unfair.

I make specific reference to the appealed application here because I'm aware that Ms S has concerns about Lloyds' handling of the appealed application. I can confirm to Ms S that I've considered her concerns when reviewing the information that Lloyds have provided to this service about why the appealed application was unsuccessful. And having done so, I don't feel that Lloyds' have acted unfairly as Ms S hypothesises. Rather, I'm satisfied that what happened is that the information that Ms S provided in support of the appealed application wasn't sufficient to assuage Lloyds' concerns.

I realise the above explanation may not be entirely satisfactory to Ms S. But I hope she finds some comfort knowing that someone independent and impartial has reviewed Lloyds' assessment of B's application and hasn't found it to have been conducted unfairly.

All of which means that I won't be upholding this complaint or instructing Lloyds to take any further action here. This is because I'm satisfied that Lloyds have conducted a fair assessment of B's CBIL application, and that having done so, that Lloyds' decision to not offer lending to B is a decision which Lloyds are fairly entitled to make.

### **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 21 September 2023.

Paul Cooper  
**Ombudsman**