

The complaint

S, a charity, complains about the service it received from Lloyds Bank PLC when it opened a new bank account.

S has been represented in this complaint by Ms G one of S's trustees.

What happened

S was formerly a social enterprise. In early 2022 it told Lloyds that it was planning to become a charity. Lloyds said this meant that it would need to open a new bank account. S started an application for the new account over the phone in mid-March 2022. The application process wasn't fully completed, as the call ended before Lloyds had finished confirming some necessary details. Lloyds subsequently called S three times that same morning to try to complete the call but was unable to get through to S. It left a voicemail with a number for S to call back.

In late June 2022 Ms G phoned Lloyds to ask for an update on the new account. Lloyds told S that its application for a new account had been discontinued, on the basis that S hadn't been in touch for 90 days.

S became a registered charity in July 2022. The same month, it started the account application process again. It went through the application with Lloyds on the phone. Lloyds said it would send S the application pack. But one of S's trustees was overseas and unable to provide the evidence that Lloyds required. To avoid further delay, S decided to remove the trustee. Lloyds' notes of the call say that Ms G said she would call it back when that had been done.

S sent an application form to Lloyds in August 2022, but part of the form was missing, and only one party to the account had signed it. The account was eventually open and ready for use at the end of September 2022, after Lloyds received the completed application form and all necessary signatures.

Ms G says S phoned Lloyds several times during the 90-day period after first starting the application, and was sometimes told the application was in progress, and sometimes that it couldn't be found.

Ms G has explained that S couldn't apply for larger grants while it was a social enterprise. She says it delayed converting to charitable status, as it didn't have a bank account. But it eventually decided to go ahead with the switch to charitable status in July 2022, as it couldn't wait any longer.

Ms G told us that applications to a particular fund needed to be submitted by the end of May 2023, but that S wasn't able to apply, as it hadn't been a charity for over a year. She says that other funding bodies also required applicants to have been in existence for a year. And she says that if S had had its new bank account in time for it to change to charitable status in April 2022, as originally planned, it wouldn't have lost out.

Lloyds wrote to S in August 2022. It said that S had phoned it multiple times to chase the application, and had been given conflicting information. In the end the application had been withdrawn as Lloyds didn't have all the required information. It enclosed a cheque for £100 to apologise for the poor service S had received.

In October 2022 Lloyds wrote again to S, apologising for the service it had received. It said that at several points during the application process its lack of communication had played a big part in delaying the opening of the account. And it acknowledged that it had given S conflicting information about what information and documentation was needed. This had caused confusion and had meant that S had needed to seek clarification from Lloyds. All this had meant that it had taken a lot longer to open the account than expected. Lloyds credited S's account with a further £300 by way of apology. And it asked for details of any funding S had lost out on as a result of the delay in account opening, and any costs S had incurred in phoning it during the application process.

One of our investigators considered the complaint, but thought that Lloyds had already done enough to put things right.

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'm not asking Lloyds to do any more than it's already done to resolve the complaint. I'll explain why.

S's complaint is essentially that Lloyds didn't communicate with it adequately about what was needed in order to open S's bank account. It says this caused it inconvenience and resulted in wasted time. It also says it missed out on funding opportunities that it would have been eligible for if Lloyds had dealt properly with the account opening.

It isn't clear why the phone call in March 2022 was cut off before it was finished. But whatever the reason, I'm satisfied that Lloyds made it clear to S in a voicemail shortly after the interrupted call that it needed S to call it back. It provided a number to call. The next record Lloyds has of contact from S was in late June, when Ms G called for an update. Ms G says she called Lloyds numerous times in the intervening period, but she hasn't provided evidence to support this. The call list she's provided shows the call made in late June 2022. There's also a record of that on Lloyds' system. But there's nothing in between.

I'm satisfied that Lloyds carried out a thorough search for records of calls with S between March and June 2022 and it didn't find anything. Ms G has referred to a call shown in her call list in early June 2022 to Lloyds' helpline. Lloyds has traced that call, but its records show that it concerned Ms G's own bank account, not S's account. So despite what Lloyds said in the letter it sent S in August 2022, enclosing the £100 cheque, I'm not convinced that S did, in fact, contact Lloyds about the account application between the calls in mid-March and late June 2022.

I think it would have been clear to S that Lloyds needed S to contact it for the account application to progress. Lloyds could, perhaps, have been more proactive in chasing the application up, but I don't think I can fairly say that it was wrong not to do so. I think it was reasonable of Lloyds to assume that if S wanted to go ahead with the application, it would get in touch as requested.

As it was, S did eventually contact Lloyds for an update, but based on the evidence provided, I'm satisfied that this was not for more than three months after the initial call. By that time, the application had been discontinued and had to be started again. I don't think Lloyds can fairly be held responsible for the resulting delay.

S has referred to a particular funding opportunity that it says it missed out on because it hadn't been a registered charity for a full year by the end of May 2023. But it follows from what I've said that I don't find that Lloyds can be blamed for the delay in setting up the charity.

I've noted that in the complaint to Lloyds Ms G referred to "protected characteristics" – a reference to characteristics protected under the Equality Act 2010 – and mentioned discrimination and bias. But I've seen nothing to make me think that Lloyds' dealings with S and its accounts involved any bias or discrimination, or any failure to make reasonable adjustments to reflect any protected characteristics that S's representatives may have had.

S was eventually registered as a charity just a few weeks after discovering that the account application had been discontinued. Its new account was opened around two months after the charity was registered.

Some delay was caused by the fact that one of S's trustees was unavailable over the summer and was ultimately removed so as not to delay the application further. I can see that there was some confusion and discussion between S and Lloyds about whose signatures were needed. Lloyds has accepted that it provided conflicting information about what it needed in order to open the account, and that it took longer to open as a result.

I can appreciate that the lack of clarity around what was needed caused S some inconvenience. But I consider the compensation that Lloyds has already paid S to be reasonable to reflect this. I acknowledge that Ms G says nothing has been received, but Lloyds has provided a copy of S's bank statement, which shows the credit of £300 to S's account made on the same date as Lloyds issued its final response to S's complaint.

Taking everything into account, I don't consider that I can fairly ask Lloyds to do more to resolve the complaint.

My final decision

My final decision is that the compensation that Lloyds Bank PLC has already paid to S is fair. So I don't require it to do anything further to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 22 December 2023.

Juliet Collins
Ombudsman