

The complaint

A limited company that I will refer to as L complains about the issues it experienced when opening a business banking account with Lloyds Bank PLC. Mr A, a director of L, brings this complaint on the company's behalf.

What happened

The following is intended only as a brief summary of events. In 2022, L applied for a business banking account and online banking facility with Lloyds. It appears that following this application, two accounts were initially opened.

The first account was opened in July 2022, then closed in October 2022. Lloyds has said it sent L a debit card for this first account, which appears to have been opened in error, and then cancelled this. No transactions appear to have taken place on this account.

Whilst the second account was opened in August 2022, the online banking facility was then suspended in error on at least one occasion. Mr A then had to apply for this to be set up in October 2022. But as his signature did not match the one Lloyds held on file, this application was rejected. Mr A was advised to provide an amended form.

At this point, Mr A complained on behalf of L. He said that not having the online banking facility had lost L a significant amount of money, as it was not able to trade appropriately. Mr A was using his personal account to mitigate L's losses, but he indicated this had caused reputational damage – as a new business L was losing clients who did not trust a business operating via a personal account. Mr A also said that he had limited the amount of business L was carrying out, in order to avoid tax penalties.

Lloyds agreed that it had not provided L with an appropriate level of service. It apologised and offered L £400 for the significant impact the delay in opening the account and suspension of online facilities had on L and its relationships with its clients. Lloyds also offered to pay for an accountant to balance the books between Mr A's personal account and L's business account, to avoid Mr A paying any additional taxes.

Mr A was not happy with this, and brought L's complaint to the Financial Ombudsman Service. Mr A did not consider the £400 compensation to adequately reflect the impact on L. He also explained that the situation had caused him to suffer personally.

However, our Investigator did not recommend L's complaint be upheld. She thought that Lloyds' offer was fair and reasonable, and that L had not been able to evidence any financial losses that it suffered as a consequence of the problems it had experienced.

Mr A remained unsatisfied, and L's complaint has been passed to me for a 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 am not upholding this complaint, largely for the same reasons as our Investigator.

It isn't clear what caused the majority of the issues L experienced. Lloyds has accepted that it is at fault though (other than for the non-matching signatures). So, effectively, this complaint is limited to considering whether its offer to put things right is appropriate.

The first thing I should make clear is that I am only able to consider the impact on the complainant. In this case, the complainant is L. I appreciate Mr A has said he has suffered distress and anxiety, but he is not the complainant in this case. L is a separate legal entity and, as a limited company, is unable to suffer distress or anxiety.

It is though clear that L would have been inconvenienced by the various issues that occurred. Not only did it have to communicate with Lloyds to resolve them, it also had to manage its finances in a different way.

I also appreciate Mr A's comments about the loss of customers L may have experienced. But L has not been able to actually demonstrate this loss. It is possible that potential customers were put off by the fact payments would need to be made to a personal bank account. But without anything to substantiate this, I am unable to fairly and reasonably ask Lloyds to cover this unquantified potential loss.

I appreciate Mr A and L will not be satisfied with this outcome. But I consider an award of £400, and the offer to pay for an accountant, to be appropriate in the circumstances of this complaint. So, I can't fairly and reasonably ask Lloyds to do any more.

My final decision

My final decision is that the offer by Lloyds Bank PLC is fair and reasonable.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 15 December 2023.

Sam Thomas
Ombudsman