

## **The complaint**

A limited company, which I'll refer to as 'S', is unhappy that Lloyds Bank PLC accepted an application for a Bounce Back Loan ("BBL") from its company secretary without first confirming the application with S's company directors.

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

## **What happened**

In December 2022, Miss D raised a complaint with Lloyds on S's behalf because she wasn't happy that Lloyds had accepted a BBL application in 2020, which had subsequently been approved, from the person who had been the company secretary for S at that time. Miss D explained that the company secretary, who had since left the business, had applied for the BBL without the knowledge or approval of S's directors, and had then used the received BBL funds for her own personal benefit.

Lloyds responded to Miss D and explained that, when the company secretary had applied for the BBL, the company secretary had been the sole signatory on S's business account. As such, Lloyds didn't feel that they'd done anything wrong by accepting the application from S, submitted by the company secretary, as they had. And Lloyds also didn't feel they'd acted unfairly by approving the BBL application they'd received, because S had qualified for a BBL under the terms of the BBL scheme at that time. Miss D wasn't satisfied with Lloyds' response, so she referred S's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Lloyds had acted unfairly in how they'd managed the situation, and so didn't uphold the complaint. Miss D remained dissatisfied, 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'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.

Miss D has explained that the company secretary applied for the BBL without the knowledge or consent of S's directors. And she feels that Lloyds should have contacted S's directors to confirm that they authorised the loan application before accepting it as they did.

I'm not in agreement with Miss D on this point. The main reason for this is that it was the responsibility of S's directors to have managed S's relationship with Lloyds, including who was the named signatory on S's Lloyds account.

At the time the company secretary applied to Lloyds for the BBL, the company secretary, and only the company secretary, was a named signatory on the account. As such, I'm satisfied that the company secretary was authorised to apply for a BBL with Lloyds on S's behalf at that time as they did. And I feel that if S's directors are unhappy about this point, then the responsibility for this sits with S's directors themselves, for not managing S's relationship with Lloyds, including who was an account signatory, in a different way.

I also don't feel that it's reasonable for Miss D to have expected Lloyds to have confirmed the BBL application with S's directors before processing it. Again, this is because the company secretary was the named signatory on the Lloyds account – ultimately, at the behest of S's directors. And so, given that Lloyds received a BBL application from the named signatory on the account, there was no reason for Lloyds to seek any further approval from the directors of S.

This isn't to say that the company secretary didn't act fraudulently here. But it is to say that I'm satisfied that Lloyds didn't do anything wrong or act unfairly by processing the application they received – for the reasons explained above – and that any grievance the directors of S may continue to have with the company secretary is a private matter between themselves.

S's directors allowed the company secretary to be the sole named signatory on the Lloyds account, which therefore empowered the company secretary to act as they did. In these circumstances, I don't feel it would be fair or reasonable to expect Lloyds to reimburse or compensate S as Miss D would like.

All of which means that I won't be upholding this complaint or instructing Lloyds to take any further action. I trust that Miss D 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 S to accept or reject my decision before 31 October 2023.

Paul Cooper  
**Ombudsman**