

The complaint

Mr W, a sole trader, is unhappy with the service he received from Lloyds Bank PLC surrounding the defaulting of his Bounce Back Loan ("BBL").

What happened

Mr W found that he was unable to access his Lloyds accounts with his business debit card. This meant he was unable to make the monthly payments that were becoming due on his BBL. Mr W visited a Lloyds branch, but they couldn't help him access his accounts. Mr W also wrote to Lloyds about what was happening but received no reply.

Mr W then received a letter from a debt recovery agency ("DRA") advising that Lloyds had defaulted his BBL and passed the debt to the DRA. Mr W wasn't happy about this, so he raised a complaint.

Lloyds wrote to Mr W and explained that they had no record of ever receiving any letters from him. But they acknowledged that this may have been because they hadn't been recorded as being received on their systems. Lloyds apologised to Mr W if this had been the case and sent him a cheque for £50 as compensation for any trouble or upset he'd incurred.

However, Lloyds didn't uphold any other aspects of Mr W's complaint, including regarding the issues Mr W had experienced with his business debit card, which Lloyds confirmed hadn't been blocked at that time.

Lloyds also noted that they had been sending account statements and BBL arrears letters to Mr W's correct address, and they felt that the defaulting of the BBL account was fair because of the several missed payments and the account arrears which Mr W hadn't resolved. Mr W wasn't satisfied with Lloyds' response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They didn't feel Lloyds had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr W 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, it's clear that Mr W was unhappy that letters he wrote to Lloyds which detailed the difficulty he was having accessing his Lloyds accounts weren't responded to by Lloyds to his satisfaction. And I note copies of letters sent to Lloyds by Mr W, provided to this service by Mr W, dated 12 June and 19 August 2022, as well as statements made by Mr W to this service which allude to his not wanting to correspond with Lloyds by telephone.

However, I also note that, ultimately, Mr W didn't make the BBL payments that were contractually required of him as per the BBL agreement. Specifically, Mr W didn't make the BBL payments that were due on the following dates: 01 March, 31 March, 03 May, 31 May,

01 August, and 03 October 2022.

Lloyds have confirmed that they didn't place a block on Mr W's account at the time he began missing the BBL payments. And notably, Mr W did make two BBL payments during the period of non-payment described above – on 01 July and 31 August 2022. As such, I'm satisfied that there were no restrictions on Mr W's account that prevented him making payments to his BBL. And this is because, if there were such restrictions, he wouldn't have been able to have made the two payments during this time that he did.

I also must note that while Mr W may not have wanted to engage with Lloyds on the telephone about his account arrears and his inability to access his account, I feel that Mr W's responsibilities as the BBL account holder – including his responsibility to have made the requisite monthly payments – should reasonably have outweighed his preference to have not contacted Lloyds by telephone. And I also feel that if Mr W had contacted Lloyds by telephone and asked for assistance in making his required BBL payments, he would have received such assistance.

In short, I don't feel that Mr W took reasonable or sufficient action to make the BBL payments that were contractually required of him, including but not limited to contacting Lloyds by phone. This is regardless of whether Mr W could or couldn't access his account. And if Mr W couldn't access his account, so that he wasn't aware of the position of his loan, then I feel it's fair to have expected him to take every possible step to correct that – including, again, contacting Lloyds by telephone.

In consideration of the above, I feel Mr W should fairly be considered responsible for the BBL payments not being made. And it follows from this that I don't feel Lloyds acted unfairly by following the account arrears process they did – which ended in the defaulting of Mr W's BBL for non-payment and the transferral of the outstanding debt to a DRA.

Mr W may note that he sent several letters to Lloyds and visited a Lloyds branch in person to try to regain access to his account. And I'm aware that Mr W feels that Lloyds have admitted fault in their initial response to his complaint, in which they apologised for not responding to the letters that he'd sent.

But Lloyds have confirmed they have no record of receiving the letters Mr W sent, and this point is clarified by Lloyds in their follow up response to Mr W's complaint dated 17 February 2023. Furthermore, Lloyds have explained to this service that they made the payment of £50 to Mr W because despite the lack of any record of his letters being received by them, they accepted that it was possible that the letters might have been received but not logged onto their systems upon receipt, and they wanted to give Mr W the benefit of the doubt.

Because of this, I don't feel that Lloyds' admission of fault is as significant as Mr W suggests here. And even if Lloyds did receive Mr W's letters, and didn't respond to them, this wouldn't absolve Mr W of his responsibilities to have made the BBL payments, given that he was still able to have made those payments via several channels – as discussed above.

Mr W is also unhappy that he didn't receive the account statements Lloyds were mailing to him. But I'm satisfied from Lloyds' submissions to this service that those statements were sent and that they were addressed to Mr W correctly. And, while this doesn't necessarily mean that Mr W received those sent statements, this service wouldn't hold a business accountable for the non-delivery of correctly addressed mail. Additionally, if Mr W wasn't receiving his account statements, there were several alternative channels available to him to remain apprised of the ongoing position of his account.

Finally, Mr W is unhappy that Lloyds transferred his BBL debt to a DRA. But the transferral

of debt to a DRA is a common practice, and one which is specifically permitted by the terms of the BBL agreement – to which Mr W consented and agreed when he took the loan. And Lloyds didn't need any further consent from Mr W to transfer his BBL debt to a DRA, beyond that which he'd already given when accepting the BBL agreement.

All of which means that I don't feel that Lloyds have acted unfairly towards Mr W in the manner that he contends here. And it follows from this that I won't be upholding this complaint or instructing Lloyds to take any further or alternative action.

I realise this won't be the outcome Mr W was wanting. But I hope that he'll understand, given all that I've explained – including the primacy of his contractual repayment obligations – 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 Mr W to accept or reject my decision before 1 February 2024.

Paul Cooper
Ombudsman