

The complaint

Mr M complains about the way that Lloyds Bank PLC dealt with the repayment of some business loans.

What happened

Mr M had four business loans with Lloyds:

1. May 2008 - £93,000
2. May 2008 - £72,000
3. October 2008 - £300,000
4. July 2012 - £235,000

In January 2021, Mr M contacted Lloyds regarding the loans. It took until August 2021 to resolve those matters. Mr M complains that was because of delays and failure to respond to questions by Lloyds during that time.

In July 2021, Lloyds agreed with Mr M to hold two properties as security providing the total loan balance was reduced. He said that Lloyds then requested information that could have been requested at the outset. That included providing detailed information about his income and expenditure in August, when he was due to go on holiday.

Mr M considered it unfair that Lloyds was only prepared to release two of the properties rather than the three he initially requested. He also said it required him to repay more than originally agreed.

When Mr M repaid three of the loans in full and made a partial repayment to one of them, Lloyds required his solicitor to make four separate CHAPS transfers, rather than one, incurring four sets of fees.

Mr M said that he asked Lloyds to give him copies of any loan agreements that Lloyds has, but it hasn't provided them.

Mr M wants from Lloyds:

- An apology.
- Increased compensation to reflect this time.
- Interest on compensation issued in earlier final responses.
- Confirmation of outstanding balances and why Lloyds considers it is due.
- Copies of all documents he's requested.

- A letter from the bank he can send to his solicitors dealing with the way it handled a variety of issues.

The investigator thought that Lloyds' offer to refund the additional CHAPS fees and to pay Mr M £550 was fair.

Mr M did not accept what the investigator said.

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.

Delays

It isn't in dispute that Lloyds did not deal with Mr M in a professional way – and I accept what Mr M has told us. It took around seven months to deal with his request to restructure his borrowing. What is left for me to decide is what is a fair amount of compensation to reflect the distress and inconvenience caused to Mr M by the delays and poor service.

Mr M said that the poor service caused unreasonable delays, duplication of work and more time to make sure that Lloyds followed through with what it promised. Lloyds has offered £550 for that and for the failure to provide all of the loan agreements. I'm sorry to disappoint Mr M, but I consider that is a fair amount bearing in mind how we approach compensation.

Our guidance says that we would make an award of between £300 and £750 if the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months.

In view of what Mr M has told us about the impact on him and the length of time this matter went on for, I consider that £550 is fair in all of the circumstances. Lloyds has already apologised to Mr M in its final response dated 29 July 2022.

Release of security and repayment of debt

Lloyds has given us two of the mortgage deeds. They show that Mr M agreed that the security he gave the bank would be for "all monies and liabilities" to Lloyds. It is likely that all of the security had similar terms. So it was reasonable for Lloyds to decide which charges it was prepared to release when Mr M paid down the loans. It was also for Lloyds to decide how much Mr M would need to repay to release the charges.

Those decisions were legitimate exercises of Lloyds' commercial judgement. I would not usually look it interfere in that unless there was evidence that the decisions were reached unfairly or unreasonably. But looking at how Lloyds reached those decisions, I can't see that it did so unfairly or unreasonably. The evidence I have shows that it took into account the information it had and made a reasonable decision based on its appetite for risk.

CHAPS

I agree that Lloyds should have accepted one CHAPS payment rather than four. So it should refund three of those payments to Mr M.

Documents

It's not clear what loan documents Lloyds has sent Mr M. It has offered to provide true copies of the missing agreements and given us the loan agreement for loan 3 and two of the mortgage deeds. It should carry out a comprehensive search of its records and provide any loan agreements or deeds it holds for Mr M. I'd hope it can provide clarity to Mr M about what it holds.

I agree with Lloyds that the lack of a loan agreement, would not mean that it has not administered the loans in the way that was agreed.

I consider that the above compensation fairly compensates Mr M for any worry or upset caused by not all of the loan agreements being available. Mr M would need to contact Lloyds directly to obtain an up-to-date balance.

My final decision

Lloyds Bank Plc has offered to refund three CHAPS fees and to pay Mr M £550. In all the circumstances, I consider that is a fair way to settle the complaint.

My final decision is that Lloyds Bank Plc should:

- Refund three of the CHAPS fees Mr M paid.
- Pay Mr M £550.
- Provide any loan agreements and mortgage deeds it holds for Mr M – and true copies of the agreements if the original is not available.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 4 April 2024.

Ken Rose
Ombudsman