

The complaint

A limited company, which I'll refer to as 'K', is unhappy with how Lloyds Bank PLC administered its Bounce Back Loan ("BBL").

K's complaint is brought to this service by its director, whom I'll refer to as 'Mr B'.

What happened

K had a BBL with Lloyds which fell into arrears. Lloyds issued a formal demand to K in which K was given 14 days to repay the full outstanding balance of its BBL. But Lloyds issued the formal demand to two addresses it held for K, neither of which were Mr B's personal address. This meant that Mr B didn't become aware of the formal demand until after the date given on the formal demand for K to repay its BBL. And this led to K's BBL being defaulted for non-payment. Mr B wasn't happy about this, and he didn't feel that Lloyds should have issued a formal demand to K as they did. So, he raised a complaint on K's behalf.

Lloyds responded and confirmed that K's BBL had been in arrears which meant they didn't feel they'd acted unfairly by issuing the formal demand. Lloyds also noted that they'd sent a formal demand to K's registered company address. As such, Lloyds didn't feel that they'd done anything wrong and so didn't uphold the complaint. Mr B remained dissatisfied, so he referred K's complaint to this service.

One of our investigators looked at this complaint. They didn't feel that Lloyds had acted unfairly by issuing the formal demand because K's BBL had been in arrears. But they did note that while Lloyds had sent a copy of the formal demand to K's company address, they hadn't sent a copy of the formal demand to Mr B's personal address but had sent it to an old address at which Mr B no longer resided. Because of this, our investigator said that Lloyds should give K a new opportunity to repay the full balance of the BBL within 14 days, and that if K did this, Lloyds should consider that K repaid the BBL balance in full within the timeframe given in their original formal demand.

Mr B remained dissatisfied and maintained that K's BBL hadn't been in arrears and that no formal demand should ever have been issued. 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.

I issued a provisional decision on this complaint on 31 January 2024 as follows:

Mr B has said that, while some of K's BBL payments were missed, they were always brought up to date. However, upon review of K's BBL, this isn't correct. Most notably, K didn't make its BBL payment which became due on 7 January 2022. And this missed payment was never made up, meaning that K's BBL was in arrears from January 2022 onwards.

Mr B himself confirmed this point when he referred K's complaint to this service, when he explained that he'd missed the January 2022 payment because he forgot about it. Mr B also said that he didn't receive any notice or reminder from Lloyds about this missed payment.

But Lloyds have provided this service with screenshots of their internal systems which I'm satisfied confirms that they did send a missed payment arrears letter to K on 14 January 2022, shortly after the payment had been missed. And Lloyds have also explained that they sent a series of text messages to the mobile phone number which Mr B has confirmed to this service as being his own about the ongoing status of K's BBL.

Importantly, as the director of K, it was Mr B's responsibility to have monitored the ongoing status of K's BBL and been aware of any contractually required payments which may have been missed. And while Lloyds are expected to notify BBL account holders of missed payments, Lloyds doing so is to assist those account holders in adhering to their own responsibilities as account holders. And the responsibility of BBL account holders to adhere to the contractual repayment terms of the BBL isn't diminished if letters or notices about account arrears aren't received by them.

Other than the missed January 2022 payment, which was never made up, K missed several later monthly payments, although these were generally made up by late payments. But the fact remains that when Lloyds chose to issue the formal demand to K in January 2023, K's BBL had been in arrears for approximately a year – because the January 2022 payment had been missed and had never been made up. Accordingly, I don't agree with Mr B's contention that K was up to date on its BBL payments.

Mr B has explained that he has experienced difficult personal circumstances which affected his ability to monitor K's BBL. I can only sympathise with Mr B in this regard. But it must be noted that any personal difficulties which Mr B may have experienced didn't diminish K's obligation to make the monthly BBL payments that were contractually required of it as per the BBL agreement. And there were several opportunities available to K, such as payment deferral holidays, if Mr B felt K would struggle to meet its contractual repayment obligations.

Ultimately, K didn't make all the monthly payments it was contractually required to make on the BBL. And K's BBL was in a position of arrears for close to a year as a result. And because of this, I don't feel that Lloyds did act unfairly or unreasonably by eventually issuing the formal demand to K regarding its BBL as they did.

In their view of this complaint, our investigator reached the same conclusion regarding this aspect of K's complaint – the fact that a formal demand was issued fairly. But our investigator felt that Lloyds hadn't acted fairly in how it had executed the issuance of the formal demand because it hadn't sent a copy of the demand to Mr B's personal address.

I take a different view to our investigator in this regard. And this is because I note that one of the addresses to which Lloyds did send the formal demand was to the registered company address of K. This seems reasonable to me, and I don't feel that Lloyds should fairly be held accountable for the representatives of K not receiving a letter that was correctly sent to K's registered company address.

I also note that our investigator, in taking a different position to myself on this matter, asked Lloyds to provide K with a further 14-day opportunity to clear the full balance of its BBL and to be considered to have met the requirements of the previously issued formal demand if it did so. Lloyds agreed to our investigators request. But Mr B explained that full repayment of K's BBL wasn't an option that K was able to avail of. As such, it seems unlikely that K would have been able to have satisfied the requirements of the formal demand and repaid its BBL in full, regardless of whether the formal demand was personally received by Mr B or not.

All of which means that I don't feel that Lloyds have acted unfairly here as Mr B contends. And it follows from this that my provisional decision is that I won't be upholding this complaint or instructing Lloyds to take any further or alternative action here.

In my provisional decision letter, I gave both Mr B and Lloyds the opportunity to respond and to provide any comments or new information they might wish me to consider before I moved to issue a final decision. However, neither Mr B nor Lloyds provided any response to my provisional decision.

As such, I see no reason not to issue a final decision here whereby I do not uphold this complaint on the basis described in my provisional decision above. And I therefore confirm that my final decision is that I do not uphold this complaint on that basis accordingly.

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 K to accept or reject my decision before 8 April 2024.

Paul Cooper
Ombudsman