

Lloyds Bank halts small business lawsuit after Andrew Bailey steps in

[James Hurley](#), Enterprise Editor

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Lloyds has agreed to suspend its pursuit of a former customer, Trevor Mealham, right, who claims he was mis-sold loans, pending the outcome of a complaint to the Business Banking Resolution Service

Andrew Bailey is putting pressure on high street banks to put legal action against small business owners on hold until a new redress scheme has had a chance to consider their cases.

Lloyds Banking Group has agreed to suspend its pursuit of Trevor Mealham, a former customer, through the courts pending the outcome of a complaint to the Business Banking Resolution Service.

The consent order between the bank and Mr Mealham and his partner, Tracey Alford, from Ashford in Kent, came after Mr Bailey, the outgoing chief executive of the Financial Conduct Authority, and António Horta-Osório, the chief executive of Lloyds, stepped in.

It has been hailed as a breakthrough by representatives of small business owners, who said that other banks also should delay cases that could lead to people losing their homes should the borrower wish to approach the resolution service.

The redress service is being set up to give small and medium-sized companies that have unresolved complaints against lenders a chance to obtain an independent view on their dispute, and possibly to secure compensation.

It is a response to concerns that the City regulator, the courts and individual banks have been unable or unwilling to act when small businesses have been mistreated.

Seven banks have agreed to take part in the resolution service. It has yet to be launched fully, although a pilot scheme is reviewing a limited number of complaints in order to develop its policies and processes.

It had been thought that disputes subject to legal proceedings would not be considered, but the agreement between Lloyds and Mr Mealham, 50, could pave the way for such cases to join the scheme.

Mr Mealham is in dispute with the bank over a £200,000 loan that he claims was mis-sold to him in 2009. He alleges that the bank reneged on an agreement and ultimately put his company, Inea, an estate agency network venture, into its “turnaround” division for companies in difficulty and that a number of his assets were sold.

Lloyds is pursuing Mr Mealham’s personal guarantee, which he fears could result in the loss of his home. The court was shown an email from Mr Bailey in which he said it was his view that “the appropriate course of action is to stay cases which are under assessment” by the service.

Bosses of the service have been asked to prioritise cases where business owners are terminally ill and where there are imminent repossession or bankruptcy issues.

The trial between Lloyds and Mr Mealham and Ms Alford had been listed to begin on January 20 but has been paused until at least July 17.

Mr Mealham said that he was grateful to Mr Bailey, Mr Horta-Osório and Judge Johns, QC, the judge in the proceedings, for agreeing to the delay. “We have set a precedent. Lots of people are asking for a copy of the consent order. I can eventually see it being used hundreds of times,” he said.

Nikki Turner, director of SME Alliance, a small business group that assisted Mr Mealham, called on banks to freeze “unnecessary legal action” until the service had had a chance to consider whether cases are eligible for adjudication.

A spokeswoman for Lloyds said: “We will determine whether to stay proceedings on a case by case basis . . . Recovery action is only ever deployed as a last resort, such action only occurs after many months, if not years, of forbearance by the bank.”

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