

The complaint

A limited company, which I'll refer to as 'G' isn't happy with the service it received from Barclays Bank UK PLC surrounding the administration and closing of its accounts.

G's complaint is brought to this service by one of its directors, whom I'll refer to as 'Mr H'.

What happened

G held a Business Current Account ("BCA") with Barclays, as well as a Business Loan Account ("BLA") and a Bounce Back Loan ("BBL").

In August 2021, the BLA and the BBL were in a position of arrears. Barclays wrote to G about the outstanding arrears on the loans, and in September 2021, Mr H called Barclays and arranged a six-month payment holiday on the BBL as well as a 30-day 'breathing space' hold on the BLA.

In January 2022, Mr H contacted Barclays to discuss G's accounts, but was told that G's BLA and BCA had been closed due to the outstanding arrears on the BLA and G's failure to contact Barclays about the accounts. Mr H wasn't happy about this, so he raised a complaint on G's behalf.

Barclays looked at G's complaint. They confirmed they'd attempted to contact G on several occasions following the end of the 30-day hold period on the BLA, but without success. Barclays also explained that this meant G's BLA had then been administered in line with Barclays collections and recoveries process, which had resulted in the closure of both the BLA and BCA. Finally, Barclays confirmed to G that it didn't feel it had acted unfairly towards G by following that process. Mr H wasn't satisfied with Barclays response, so he referred G's complaint to this service.

One of our investigators looked at G's complaint. But they didn't feel that Barclays had acted unfairly in how it had managed the situation, and so it didn't uphold G's complaint. Mr H 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'm satisfied that when Mr H spoke with Barclays in September 2021 and arranged the 30-day breathing space on the BLA that it was clearly explained to him at that time that the onus would be on G to contact Barclays when the 30-day hold expired the following month, in October 2021.

But Mr H didn't contact Barclays in October 2021 as was required, and indeed nobody from G contact Barclays for several months, until Mr H himself spoke with Barclays in January 2022 – approximately three months later than should have been the case.

This was despite it being made clear to Mr H that a representative of G would need to

contact Barclays when the 30-day hold came to an end in October 2021, and despite a series of letters being sent to G by Barclays when the 30-day hold ended and with no-one from G having contacted Barclays as required.

When the agreed 30-day hold ended on G's BLA, the requirement for G to clear the arrears outstanding on the BLA at that time resumed. And given that G didn't clear those arrears or contact Barclays to update them as to G's financial position, it seems fair to me that Barclays would then administer G's BLA in line with its collections and recoveries process.

This process included the issuance in December 2021 of a formal demand notice by Barclays regarding G's BLA and BCA. This notice was issued at a time when G's BLA had fallen several months in arrears and when there continued to be no agreed plan in place in regard to those outstanding arrears. And so, I'm satisfied that it was fair and reasonable for Barclays to have made the decision to begin the process to terminate G's BLA and BCA agreements as it did at that time.

Mr H did contact Barclays on 11 January 2021. But Barclays have confirmed that a representative of G would have needed to have contacted and made agreeable repayment arrangements with Barclays in regard to the BLA arrears no later than 4 January 2022, in order to prevent the closure of the BLA and BCA.

But even when Mr H contacted Barclays on 11 January 2022, he doesn't appear to have called with the intention of resolving the outstanding arrears on G's BLA, but rather wanted Barclays to release a payment that had been made into the BCA. And when members of the Barclays team which were now administering G's BLA attempted to call Mr H back over the next several days to try to discuss the arrears, their calls weren't answered by Mr H.

Mr H remains unhappy that Barclays wouldn't return the payment paid into G's account in error. But given that G was in arrears with Barclays, as described, I'm satisfied that it was reasonable for Barclays to apply that received payment to reduce the balance outstanding that G owed to them, either on the BCA itself or using the right of off-set to reduce the balance on one of G's other accounts. And I can't see that Mr H provided Barclays with any compelling reason why that shouldn't have been the case.

All of which means I find it difficult to conclude that Barclays have done anything wrong here. Instead, I feel that Mr H, as a representative of G, didn't engage with Barclays as was required of him, despite being clearly advised by Barclays of the need to engage with them when the 30-day hold period on the BLA ended, and despite a series of letters and communication attempts made by Barclays following the end of that hold period.

Ultimately, this led to Barclays following their collections and recoveries process which resulted in the termination of the BLA agreement and the closure of the BCA. And I don't feel that Barclays actions in this regard were unfair, given the many attempts that Barclays made to try to engage with G before taking those steps, as described above.

Finally, while Barclays terminated the BLA agreement and closed the BCA, G's BBL remained active, with Barclays informing G that it could continue to service the BBL via a non-Barclays bank account moving forwards. It's my understanding that the BBL currently sits in a position of arrears and that Barclays have recently issued a formal demand notice against it. Again, Barclays administration of this account seems fair to me, and I would encourage G to engage with Barclays about this account as soon as possible.

I realise this might not be the outcome G was wanting, but it follows that I won't be upholding this complaint or instructing Barclays to take any further action. I trust that Mr H will understand, given all that I've explained, why I've made the final decision 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 G to accept or reject my decision before 8 February 2023.

Paul Cooper
Ombudsman