

The complaint

A company which I'll refer to as T, complains that Barclays Bank UK Plc unfairly declined its current account application which prevented it applying for a Bounce Back Loan (BBL).

The complaint has been brought to the service by T's director, Mr C.

What happened

In May 2020, Mr C decided he wanted to apply for a BBL on T's behalf, so he approached Barclays as he already held his personal account with the bank. Mr C was initially told to apply online, but he was unable to do so as the bank required all businesses applying under the BBL Scheme to have a business account before they could apply for a BBL.

Mr C called Barclays several times throughout June. He was either unable to get through due to long wait times or, when he did speak to the bank to ask someone to open the account, they said they'd arrange a call back – which Mr C then didn't receive.

In September, Barclays contacted Mr C to see if he still wanted to open the account for T – which he confirmed he did. Mr C continued to liaise with the bank throughout early 2021, but the bank said that due to T's business structure, it was unable to open the account over the phone and Mr C would have to make an appointment to do this in branch. It also said all of T's directors would need to attend the appointment.

Barclays upheld T's complaint. The bank apologised that it hadn't told Mr C that it wasn't accepting applications from new customers in June and that there had been delays in contacting him. It accepted that its service should have been better and offered T £300 compensation for the inconvenience. However, the bank explained it was unable to change its process and if T wanted to open a business account to apply for a BBL, all directors would need to attend an appointment in branch to do this.

Mr C tried to book the appointment but unfortunately, there were no appointments available. Barclays told Mr C that the only other way for him to apply for the account was to become T's sole director and shareholder, and – he could then apply online. But he would need to speak to his accountant to do this.

In early March, Mr C contacted the bank again as he was having issues registering the business structure changes for T and he was concerned he would miss the deadline to apply for a BBL. Barclays then told Mr C that T wasn't eligible to apply for a BBL with the bank, as the company hadn't been trading through a Barclays business account before 1 March 2020.

Mr C didn't think this was fair as this hadn't been part of the eligibility criteria when T had first approached the bank in May and asked the investigator to review T's complaint.

Our investigator didn't recommend the complaint be upheld. She said in summary that while Barclays had made mistakes she didn't think this had prevented T from applying for an account and subsequently a BBL. She also said it was within Barclays discretion to decide with eligibility criteria it applied when assessing BBL applications. The investigator thought

Barclays should have told Mr C sooner that T wouldn't be eligible for a BBL with the bank – but the £300 compensation it had offered was enough to put things right.

Mr C didn't agree and asked for an ombudsman to review the complaint, so the case was passed to me to decide. I issued a provisional decision on 26 May 2022. I said the following:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr C has explained at length the issues T has been caused by the bank's decision not to allow it to open a business account for many months – and therefore leaving it without a BBL. I recognise that any delays would be difficult, and even more so in a pandemic. But even though Barclays made some errors with the information it gave Mr C about T's account application, I don't think the bank treated T unfairly with how it applied its criteria.

Although the BBL Scheme is a government backed scheme, lenders had some discretion to decide how they would accept applications, both from new and existing customers. And while it was not a requirement of the Scheme that customers applying under the Scheme had a business relationship, lenders were entitled to require one.

Mr C has told us he thinks T should've been eligible to apply for a BBL with Barclays, as it initially applied for a business account with the bank in May 2020 - for the sole purpose of getting a BBL. However, Barclays has told us it doesn't have any records of Mr C contacting the bank until June 2020 and there is also no record of an account application being submitted by T. The bank has explained that Mr C needed an appointment in branch to open a new account for T due its complex business structure so he couldn't do this online – and there was a shortage of appointments when he contacted the bank in June, so it wasn't able to arrange this for him.

Barclays told us that it had made the decision at this point not to open accounts for new customers and focus on existing customers only due to the Coronavirus pandemic. This was a decision the bank was allowed to make, and I think it was reasonable. But I think Barclays could have told Mr C, so he didn't wait for the bank to return his call and then call again when it wasn't received.

In October Barclays began opening new accounts for customers again and the bank contacted Mr C to see if he still wanted to open an account for T, which he confirmed he did. Initially, the bank was unable to arrange an appointment for Mr C as there was still a shortage of branch appointments due to the initial impending deadline for the BBL Scheme. In November, Barclays told Mr C it would be unable to help T open a new account as it wasn't possible to do this online and there still weren't any branch appointments available.

However, the bank didn't tell Mr C at this point that even if T had been able to open a business account, it wouldn't have been able to apply for a BBL with Barclays - as the bank's lending criteria had changed, and T would have needed to be trading through an account with the bank on or before 1 March 2020. For the reasons above, this requirement was something that the bank could decide to implement. I think it made an error in failing to advise Mr C of this.

This meant that when the BBL Scheme was extended until March 2021, Mr C spent the next few months contacting Barclays again to get an appointment with the belief that T would be able to apply to the bank for a BBL once it opened an account. As

there was still a shortage of appointments, he attempted to apply online. Mr C called Barclays numerous times and was given different advice about how T could apply without going to the branch. Eventually the bank suggested he transfer T to himself as sole director and shareholder, as he could then apply online.

Mr C followed the bank's advice and applied to become the sole shareholder and director of T. I don't think Mr C would have spent the time calling the bank, completing online applications, and changing T's business structure if he'd been given the correct information by Barclays in November. Mr C continued to contact the bank throughout March to see if he could now proceed with the current account application as the BBL Scheme was ending on 31 March. But on 8 March – after T's new business structure had been confirmed - Mr C was told that T wasn't eligible for the BBL as the bank was only accepting applications from customers who'd held/traded through accounts with it since 1 March 2020.

I recognise that Mr C believes Barclays should have allowed T to apply for the BBL, disregarding this requirement as it hadn't been in place when the company was first looking to apply for the loan back in May/June 2020. But I don't agree. There is no record of any application being received from T in May, and it wasn't the bank's fault that it wasn't able to offer T an appointment due to the volume of customer applications it was receiving. And I think it's reasonable that the bank applied its eligibility criteria at the time T was actually in a position to apply for the account.

Barclays has accepted that it should have contacted Mr C sooner after he'd made enquiries about opening an account for T. The bank also says it should have made it clearer that T couldn't make an online account application due to its structure, and that it couldn't apply for a BBL as its business account wasn't held with the bank on or before 1 March 2020. Barclays has agreed that these errors caused T inconvenience and has apologised and offered £300 compensation.

However, it's clear the bank's actions have caused T inconvenience from the number of calls Mr C made to get support making the online applications, to the suggested change of business structure - which wouldn't have affected T's ability to apply for a BBL. So I don't think the bank's compensation offer is enough to put things right. Given the circumstances of the complaint, I think Barclays should increase the amount of compensation to £500 to address the inconvenience caused.

I invited T and Barclays to give me any more evidence and information they wanted me to consider before issuing my final decision. Barclays didn't agree with the decision. The bank said in summary that:

- Its website was clear that if there was more than one director, they couldn't complete the BBL application online and would need a branch appointment – so it wasn't responsible for the time Mr C had spent contacting the bank about this.
- It was suggested that Barclays advise T to change its business structure, but this wasn't a requirement of the bank and wasn't reasonable for an adviser to make this recommendation as T should speak to an accountant or Financial Adviser.

T also didn't agree with the decision. Mr C said in summary that:

- He felt Barclays should honour T's BBL application as it was due to the bank's delays and misinformation that it had missed out.
- T was caused delays by the bank's incorrect advice to change its business structure which didn't affect the BBL application.

- £500 compensation wasn't enough as T had missed out on a £10,000 BBL - £500 would only cover two months of T's basic running costs.

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've reached the same conclusion as I did in my original decision.

Mr C has repeated why he feels Barclays has acted unfairly and why he believes T is eligible for a BBL. However, as I said in my provisional decision, Barclays eligibility requirements were reasonable and, at the time Mr C was able to get an appointment to apply, T didn't meet these.

I acknowledge that it was frustrating for Mr C that he was unable to get an appointment in the branch to open an account. However, Barclays was experiencing an unprecedented demand for appointments when T needed one, and I think it was reasonable for the bank to see the other customers who had already made an appointment. It is unfortunate that the bank's lending criteria had changed before October when T was finally able to get an appointment. However, Barclays was able to adjust its criteria as it saw fit.

Mr C says T was caused inconvenience as a result of the bank telling him to change T's business structure – and I agree. Barclays has said it wasn't their advisor's role to tell Mr C to change T's structure so he could apply online – and I also agree with this. However, that is what their adviser did when Mr C called the bank for advice in February. And looking at the circumstances of the complaint, I'm persuaded that the reason Mr C made so many calls to Barclays was to follow through on the advice he was given on this call as he believed that by doing so, T would be able to apply online for the BBL. And I have taken this into consideration when looking at the award for the inconvenience caused.

I recognise that Mr C doesn't feel the compensation is enough to cover the loss of the BBL. But as I've explained in my provisional decision, it was reasonable for the bank not to accept a BBL application from T as it hadn't been trading through an account with the bank on or before 1 March 2020. So I don't agree that T missed out on the loan because of an error on the bank's part. However, I do think T was caused inconvenience by the misleading information that Mr C was given. Therefore my decision remains the same in that Barclays should pay T £500 compensation.

My final decision

My final decision is that I uphold this complaint in part. I instruct Barclays Bank UK Plc to pay T £500 compensation for the inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask T to accept or reject my decision before 14 July 2022.

Jenny Lomax
Ombudsman