

## **The complaint**

Miss W complains that Barclays Bank UK PLC unfairly declined her request for a Bounce Back Loan.

## **What happened**

Miss W approached Barclays with a view to obtaining a Bounce Back Loan in July 2020, at which time she only held a personal account. She opened a business account for her sole trader enterprise with the bank in September 2020, but was still unable to submit an application for a Bounce Back Loan. The bank said it needed more information to evidence her eligibility under the Bounce Back Loan Scheme rules and, in particular, that her business was trading prior to 1 March 2020.

Over the months that followed, there were a number of exchanges between Barclays and Miss W, with the bank requesting information and Miss W providing some – but not all – of the documents that she was asked for. The bank ultimately declined to proceed with the application on the basis that it wasn't satisfied Miss W met the Scheme eligibility criteria.

Miss W doesn't think that Barclays handled her application fairly. She says, in summary, that:

- She was eligible for a Bounce Back Loan and provided all the documentation and information as required by the relevant guidelines.
- Barclays mishandled her application, primarily because its staff didn't understand how the Scheme or businesses like hers operated. This meant that it was asking for information that she couldn't provide, and some that was irrelevant. The bank also misplaced some of her submissions, meaning they had to be re-sent.
- Barclays indicated that the information she'd provided had satisfied its checks and that it would consider her application, but she was still unable to complete an online application.
- The bank's decision was based purely on the fact that she wasn't a British citizen, and she'd been subjected to greater checks – and an inferior level of service – due to her nationality. Despite engaging with the bank about the matter from July 2020 to May 2021, she had been left without the government-backed support that she'd needed.

Miss W's complaint was reviewed by one of our investigators, who recommended that it be upheld in part. In summary, she said:

- Applicants had to meet certain criteria to be eligible for a Bounce Back Loan and Barclays had to satisfy itself that these were met before approving an application. However, it was understandable that Miss W couldn't provide the bank with some of the information it had requested – for example, given her line of work she didn't have a separate trading address so couldn't provide utility bills or a lease that might have

satisfied the bank's requirements. And she had been able to provide some evidence of her trading and turnover, by providing her tax return from 2019/20.

- While the Loan Scheme had now closed to new applications, an “exceptions process” existed by which applications could still be considered. So she asked Barclays to take another look at Miss W's application through this mechanism.
- There had been shortcomings in how Barclays had processed Miss W's application. In particular, she thought that the bank had caused significant delays when asking Miss W for bank statements in a particular format – despite the accounts being held with Barclays – between September and February 2021. Thereafter, she thought that Barclays had been conducting its checks on the application legitimately.
- She didn't think that these problems suggested Barclays was discriminating against Miss W, but recognised that they had caused her some distress and inconvenience. So she also recommended that Barclays pay Miss W compensation of £500.

Barclays accepted our investigator's view and proceeded to contact Miss W with a view to reconsider her application under the exceptions process. To do so, it asked Miss W for some further information – which she declined to provide. The application, therefore, did not proceed.

Miss W didn't accept our investigator's view. She maintained that she had already provided all the information necessary to demonstrate her eligibility and that her application had already been approved, so shouldn't have to provide anything else. In any event, she said that the Loan Scheme was now closed and she was no longer self-employed, so instead it was a matter of compensating her for the financial losses she'd incurred from being deprived of the loan to which she'd been entitled. She reiterated that the bank's handling of her application had been discriminatory and unfair, and caused a severe impact on her health in addition to the time and trouble she'd spent on dealing with things. So she said she was looking for compensation of £200,000.

With no resolution, the matter was passed to me to decide.

### **My provisional decision**

As my initial conclusions differed from those of our investigator, I sent a provisional decision to both parties to let them know my thoughts and invite them to make any further representations before I made a final decision. I said:

Having done so, I'm not currently persuaded that Barclays handled Miss W's application fairly. While lenders were entitled – and expected – to verify an applicant's eligibility and ultimately had the discretion to decline an application where they weren't satisfied of this, I don't think the bank exercised that discretion fairly in the circumstances here.

From what Barclays has told us, it declined to consider Miss W's request on the basis that it wasn't satisfied Miss W was operating as a sole trader prior to 1 March 2020. But I think Miss W provided a reasonable amount of evidence to demonstrate that she was – and that there were legitimate reasons why the further information that the bank was seeking couldn't be provided. In particular, I would highlight that:

- Miss W provided a copy of her 2019/20 tax return. While the bank's original request for a copy of her 2018/19 wasn't unreasonable – and was in line with

the Scheme requirements – Miss W only started trading in July 2019. So she wouldn't have needed to file a self-assessment return for 2018/19, given the tax year runs until 5 April. And the bank would've been aware of Miss W's start date, which she declared when opening her business account and as it was stated in the 2019/20 return she provided.

- Miss W provided invoices for her trading activity, which correspond with the credits received into her personal account. And, more broadly, align with the level of income declared on her tax return. While Miss W wasn't able to provide a copy of a contract with her client, I don't think this is particularly unusual or unreasonable – with invoices instead being issued on a monthly basis, dependent on the work completed.
- Barclays asked Miss W for a copy of utility bills for her business premises, but she couldn't provide these because she didn't have a separate business premises. Her line of work didn't require one. This would've been evident to the bank from the outset. Barclays also requested a copy of an insurance policy, but I've not seen that this was a requirement of Miss W's line of work either.

In responding to our investigator's view, Barclays seemed to accept that there were shortcomings in how it had handled Miss W's application – seeing as it agreed to reconsider the application under the exceptions process. (I should briefly confirm to Miss W that it was still possible for lenders to consider an application through this process until 31 December 2021 on an exceptional basis, given I've noted her concerns about our investigator's recommendation). But the bank then proceeded to ask Miss W for her much the same information that it had already requested and that she couldn't, reasonably, provide – namely, her 2018/19 tax return and a business insurance policy as “proof of trade”. So a further application wasn't properly considered, and the exceptions process closed at the end of last year.

Taking all of this into account, I think Miss W was deprived of the opportunity to apply for a Bounce Back Loan. It is still difficult for me to say that the application would've been approved with any certainty – there are other potential reasons why it could've failed, whether other eligibility issues or following other checks. But it seems to me that Miss W was likely entitled to a loan in the region of £2,500 – and so, had Barclays assessed her application fairly, she would've got it. It's also worth noting that Miss W could've applied elsewhere if Barclays had simply declined her application – but as applicants could only have one application underway at any one time, she was prevented from going elsewhere as Barclays didn't confirm its decision until after the Scheme closed to new applications at the end of March 2021.

I've carefully considered Miss W's concern that Barclays' actions were motivated or influenced by her nationality. I've not seen anything to suggest that was the case; rather I think the bank was seeking to comply with its standard policies and procedures – but did so, in my view, too strictly and without fair consideration of Miss W's broader circumstances. While I don't think this was due to her nationality, I can see why she such a concern would've arisen in light of the shortcomings on Barclays' part.

It is now not possible for Miss W to obtain a loan under the Scheme. And I understand from what she's told us that circumstances have moved on anyway, such that she is no longer operating as a sole trader. So I've considered whether Barclays should compensate her for any financial losses she suffered as a result of being deprived the loan.

To that end, Miss W hasn't described or evidenced any specific losses that can be attributed to being left without the loan. Miss W says she got by with the support of loans from family and friends, borrowing £31,000 – which was far more than the amount I think she would have been eligible for under the Bounce Back Loan Scheme. She's shown that she owes money on an overdraft and credit card, also held with Barclays – again being far more than the amount she would've obtained had her loan application been successful. Ultimately, I've not seen that Miss W is any worse off financially than she would've been even if the loan had been granted – bearing in mind it was, in itself, a debt that she would've needed to repay.

So, based on what I've seen so far, I don't think Miss W suffered any financial losses as a result of being deprived the loan. I do, though, think the matter has caused Miss W some significant distress and inconvenience.

On top of the issues already highlighted, the application process also took much longer than it should have done. As I've noted above, Barclays made requests for information that wasn't necessary or appropriate in the circumstances. The bank spent an inordinate amount of time asking Miss W to provide copy bank statements – despite Miss W holding her accounts with the bank. There was an extensive amount of unnecessary correspondence as a result of these issues. There were a number of other administrative errors, including when the bank incorrectly confirmed to Miss W that she could apply when in fact the issues remained unresolved and when the application was closed down prematurely.

There would always have been a certain amount of legitimate correspondence – taking up Miss W's time and trouble – in completing the application and responding to Barclays' legitimate questions. But there was also an avoidable level of inconvenience caused by shortcomings in how the bank handled things. And this all came during a particularly stressful time for Miss W, eager to access support through the loan during the pandemic (with the industry she worked in particularly affected by the lockdown restrictions) – exacerbating her financial difficulty and requiring her to seek support elsewhere.

I've also borne in mind that, as noted above, I can see why Miss W would've had greater cause for concern than should've been necessary as to the basis of the bank's decision, given that she had provided all the information she reasonably could and yet was still being subjected to further questioning and, ultimately, declined for a loan to which she appeared eligible.

I've also considered what Miss W has told us of the impact on her mental and physical health. It is difficult for me to cite the bank's actions as a sole or primary cause of the suffering she's described, as I'm not qualified to do so and I've not been provided with any medical evidence to demonstrate that. As I've outlined above, I don't doubt that it would've been upsetting and added to what was an already stressful time for Miss W and have factored that into my assessment of fair compensation – for which we follow published guidelines that are available on our website should either party wish to know more.

So, taking all of the above into account, I'm intending to require Barclays to pay Miss W compensation of £1,000 for the distress and inconvenience caused by its errors.

Barclays didn't accept my provisional decision. In short, the bank said that it had made legitimate further enquiries of Miss W when looking to proceed with the application under the

exceptions process – but Miss W hadn't responded with the information it requested, so it still couldn't satisfy itself that she met the eligibility criteria. And in light of that, it didn't think the higher compensation award I'd proposed was warranted.

Miss W didn't accept my provisional decision either. She replied in some detail, the key points of which I see as:

- She was eligible for the loan and had provided all the requisite documents, especially in light of what was available to her as a sole trader, with the bank conducting checks that were beyond those required under the Scheme rules or undertaken on other customers' applications. She believed that she should've received it 'by law'.
- She wanted a loan of £25,000, rather than the £2,500 I'd referred to. She would've been eligible for this and she didn't accept my view that her application *could* have been declined for other reasons.
- She didn't accept that there was any process by which an application could've been considered after the Scheme deadline of 31 March 2021, particularly as her application had been closed. She was concerned that this was an illegitimate means by which to ask her for more information and thought it was further evidence of discrimination.
- She underlined the severity of the shortcomings in the level of service she received from Barclays, many of which she considered to have been intentional, discriminatory, and motivated by a desire to deter her from applying for the loan. While I'd accepted that she hadn't been treated fairly, she thought it followed that she had been treated unequally and therefore been discriminated against.
- She still expected compensation of £200,000 and thought she had supported this claim with an explicit description of her losses, comprising financial loss as a result of being deprived the Bounce Back Loan in addition to the impact that the matters had on her health. She didn't think it was relevant for me to evaluate how much money she would've been able to borrow under the Scheme, or the debt that she'd incurred in lieu of the Bounce Back Loan.
- More broadly, she was concerned that I hadn't taken into account all of the points she'd raised in previous correspondence or addressed these within my 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've not reached a different conclusion to that of my provisional decision. I'll explain why the further comments I've received from both parties haven't changed my mind.

I should start by saying that in doing so, I won't be addressing each and every point Miss W has raised. Rather, my findings are concentrated on the issues that I consider to be most relevant to how I've reached my decision – and in a level of detail that I consider to be appropriate – in keeping with the informal nature of our service. No discourtesy is meant by that and I can assure Miss W that I've read and considered everything she has provided to us.

Looking firstly at Miss W's eligibility for the loan, I should reiterate that my provisional decision set out that I believed Miss W *did* meet the eligibility criteria based on what I'd seen. But it doesn't follow that this alone meant the loan was guaranteed. There were still other checks to be made – including anti-money laundering, fraud, and Know Your Customer checks – which I have no way of confirming that Miss W would've passed. Nonetheless, I have accepted that it is *most likely* that Miss W would've obtained a Bounce Back Loan Scheme, had Barclays not made the errors I identified – which included asking for information that I agreed was unnecessary in the circumstances.

Where I disagree with Miss W is on the amount of the loan that she would've been able to obtain. This is relevant to my consideration of the impact that being deprived of it had on her. Under the Scheme rules, an applicant could borrow a maximum of 25% of their annual turnover for 2019. So Miss W would've needed a turnover of £100,000 to qualify for the loan of £25,000 that she says she wanted. The evidence I've seen – including her bank statements and tax return – don't support this, and still leads me to think that a loan of £2,500 was the most likely outcome of her application had it been handled correctly.

While I can understand why Miss W might feel that Barclays' actions were deliberate or indeed discriminatory, I haven't seen anything else that would lead me to think that was the case since issuing my provisional decision. Being treated unfairly – as I think Miss W was – doesn't automatically equate to suffering discriminatory treatment.

Given the application ought not to have been declined in the manner it was, I still think the right remedy to Miss W's complaint – while the option existed – was for Barclays to reconsider the matter through the exceptions process. Miss W disputes that such a process ever existed, but I can assure her that it did and that it closed at the end of last year. In my provisional decision, I explained that I didn't think Barclays had handled the application through this exceptions process fairly – which it disputes. But it's not provided me with any new evidence in this regard, and I still think that the information it requested was unreasonable in the circumstances here for the reasons given in my provisional decision. The bank's concerns appear to have been Miss W's employment status in 2018/19 and that she may have been receiving rental income from elsewhere. But it had in its possession a letter from HMRC setting out Miss W's work history covering that period and I'm not convinced that the position with any additional streams of income ought reasonably to have affected Miss W's Bounce Back Loan application for the business in question. So I'm still not persuaded it was reasonable to ask for further evidence on these points.

As I still think Miss W was unfairly deprived of a loan of £2,500, I've thought about how she's lost out as a result. I understand Miss W's unhappiness at my speculation in considering how things may have been different – but in working out how she has been impacted, I have to consider the position she would be in if things had gone as they should have. And the circumstances in which she now finds herself are relevant to that consideration.

I still can't see that Miss W has incurred any greater losses – or derived any less profit – than she would've done had she obtained the loan. I accept it's possible that she may have been able to invest the loan in her business and make a profit. But she's not demonstrated or evidenced how that would've happened, or what those profits would've been. It's also possible that she wouldn't have made any profit, and would've been left with the cost of repaying the loan over a number of years. And in lieu of the Bounce Back Loan, I understand she's borrowed elsewhere – predominantly from family and friends, which – from what I've seen, she's done without incurring any cost. So I still don't think there is any basis on which I could require Barclays to pay compensation for any financial losses. There is certainly no logical basis on which I could fairly direct the bank to pay Miss W the £200,000 she is seeking.

So I still think it is a matter of compensating Miss W for the distress and inconvenience these issues caused her. I've reconsidered how being deprived of the loan – and the shortcomings in the service she received – impacted her in light of her further comments. While these served to underline her strength of feeling, they didn't include any new evidence or information that I hadn't previously taken into account. Given everything I've seen, I still think that £1,000 represents fair compensation.

### **My final decision**

I uphold this complaint and require Barclays Bank UK PLC to pay Miss W compensation of £1,000.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 29 December 2022.

Ben Jennings  
**Ombudsman**