

## **The complaint**

Mr I is a sole trader. He complains that National Westminster Bank Plc ("NatWest") has asked him to repay his Bounce Back Loan, even though his business hasn't recovered following the coronavirus pandemic.

## **What happened**

Mr I borrowed £5,000 from NatWest under the government-backed Bounce Back Loan Scheme in May 2020. He later borrowed an additional £1,250 by way of a top-up loan. Under the terms of the Bounce Back Loan agreement, Mr I didn't have to make any repayments during the first 12 months.

Prior to the first repayment falling due in June 2021, Mr I successfully applied to NatWest for a six-month repayment holiday available through the "Pay As You Grow" (PAYG) flexible repayment options. This meant that no repayments would be due until December 2021. Mr I also extended the term of the loan, from six years to ten, to lower the monthly repayment that would be required.

Mr I says he couldn't afford the repayments when the time came to begin making them, as his business hadn't yet recovered following the pandemic. He raised a complaint, as he didn't think it was fair for NatWest to be holding him to these amounts until his business recovered to its pre-pandemic state. He also said the bank had ignored his requests for help.

NatWest apologised that it hadn't responded to the emails that Mr I had sent, and offered £100 for the stress caused by its poor service. The bank offered to discuss other PAYG options with Mr I, but he declined this request. It also said that its financial health team would be in contact to discuss other support that might be available.

Mr I still didn't think NatWest was treating him fairly, so one of our investigators reviewed the complaint. She didn't think that NatWest was doing anything wrong in expecting Mr I to repay the loan in line with the terms of the agreement, which wasn't dependent on how his business was performing. And she thought the bank had taken reasonable steps to assist Mr I, noting that its specialist team had attempted to reach him on a number of occasions to discuss the matter without success. While there had been some instances of poor service along the way, she thought the £100 that NatWest had already offered was fair compensation for any upset and inconvenience this had caused.

Mr I didn't accept our investigator's view. He said NatWest hadn't tried to contact him, and felt that the unanswered correspondence he'd sent to the bank had been overlooked. To move matters forward, he wanted the bank to provide him with a named point of contact at the bank – rather than require him to deal with a call centre or wait in a queue.

NatWest agreed to reach out again to Mr I in an effort to resolve the issue, but it didn't manage to speak to him. Mr I said the bank didn't call at the time it had agreed.

As no agreement has been reached, the complaint was passed to me 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've reached the same conclusions as our investigator and for broadly similar reasons. I'll explain why.

I understand Mr I's position to be that it isn't fair for NatWest to expect him to repay the loan, as his business hasn't recovered from the effects of the pandemic. I'm sorry to read of the difficulties that he and his business have experienced. But I don't think that this, in and of itself, is grounds for NatWest to simply write off the loan as Mr I is seeking. He's had the use of the money that NatWest lent him, and I think – as a starting point – it is reasonable for NatWest to expect him to repay it, in line with the terms of the agreement he signed.

I would, however, expect the bank to provide Mr I with appropriate forbearance and support on becoming aware of the difficulties he's experiencing.

In the first instance, such support is available through the PAYG options available under the Bounce Back Loan Scheme. Mr I has made use of some – but not all – of these, by obtaining a six-month repayment holiday and a term extension that lowered the repayments he'd need to make.

Unfortunately, I understand from what Mr I has told us that his circumstances hadn't improved to the extent that he could afford the loan repayments when they became due in December 2021. He says that he made a number of attempts to contact NatWest about this, which went unanswered. I've not seen evidence of this, but the bank has accepted what he said and I see no reason to do otherwise. It is regrettable that NatWest didn't respond to his correspondence.

That said, once the issue was escalated by way of complaint in January 2022, NatWest did reach out to Mr I. The bank offered to discuss other PAYG options with him, which he declined. And its specialist business team attempted to contact him to discuss the matter and other support that may be available, but was unable to reach him. Mr I disputes this contact was made, but the bank's records show a number of attempts by phone and text message in addition to letters sent in the post.

Following our investigator's view, NatWest has also made further attempts to discuss the matter with Mr I without success. While I appreciate one call was made 30 minutes later than it had been scheduled, in the round I think the bank has made reasonable attempts to move matters forward. There is also some onus on Mr I to engage with NatWest about the matter, and he has been told the number that he needs to call in order to do so. While I can understand his preference for a direct point of contact, this isn't something that the bank is obliged to provide.

I understand Mr I's concern at the prospect of being asked to make repayments to the loan that he can't afford. But the bank may be able to work with him to arrange a mutually-acceptable payment arrangement. It can't, however, assess this – or consider what other support it might be able to offer – unless and until it speaks to Mr I to gather information about his circumstances. Without that, I don't think there is any further action I can reasonably expect NatWest to have taken. I also note that there remains a further PAYG option open to Mr I, which would reduce his monthly payment temporarily, but that he has opted against taking it up.

It is, therefore, only a matter of compensating Mr I for the impact of NatWest's error in failing to respond to his correspondence. I can't see that things would've turned out any differently even if this had been picked up at the time – given that the bank would've needed to speak to Mr I in order to move matters forward one way or another, and as the evidence suggests that it wouldn't have been able to reach him had it attempted to do so. I do appreciate that the absence of a response from NatWest would've been frustrating for Mr I, but I think the £100 that it has already offered to pay him is fair compensation for this.

### **My final decision**

National Westminster Bank Plc has already made an offer to pay £100 to settle this complaint and I think this offer is fair in all the circumstances.

So my decision is that National Westminster Bank Plc must pay £100 to Mr I.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 5 April 2023.

Ben Jennings  
**Ombudsman**