

The complaint

A charity, which I'll refer to as 'C', is unhappy with the service it received from Bank of Scotland plc ("BOS") surrounding its Bounce Back Loan ("BBL").

C's complaint is brought to this service by its treasurer, whom I'll refer to as Mr B.

What happened

In August 2020, C successfully applied to BOS for a £12,500 BBL and received the loan funds shortly afterwards. C's responsibility to make full monthly payments towards the BBL was deferred by Mr B until March 2022, at which time Mr B called BOS and explained that C wasn't trading and wouldn't be able to make any payments towards the BBL until it began trading again. BOS placed a hold on C's account to allow it time to potentially recover its financial position. But further BBL payments were missed by C so that the loan fell into a position of sustained arrears.

On 9 August 2022, with C's BBL account now having missed five monthly payments, BOS issued a formal demand notice to C requiring full payment of the BBL balance. Shortly afterwards, Mr B called BOS and asked that C be given more time to clear the arrears on the account. BOS suggested that Mr B speak with their recoveries team, but when Mr B didn't then contact their recoveries team, BOS terminated C's BBL agreement moved the debt to its collections and recoveries area. Mr B wasn't happy about this, especially as he'd tried to contact BOS's about C's BBL but had been unable to get through on the telephone, and so he raised a complaint on C's behalf.

BOS responded to C's complaint and apologised for the difficulty Mr B had encountered when trying to get in touch with them on the telephone. However, BOS didn't feel that they'd acted unfairly or unreasonably by terminating the BBL agreement for non-payment as they had and didn't uphold that aspect of C's complaint. Mr B wasn't satisfied with BOS's response, so he referred C's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that BOS had acted unfairly in how they'd managed the situation. Mr B 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.

I issued a provisional decision on this complaint on 31 March 2023 as follows:

It's clear that there are two aspects to C's complaint here. These are that Mr B is unhappy that C's BBL agreement was terminated, and that Mr B is unhappy that he couldn't get through to BOS when he called them to try to prevent this.

Mr B may be suggesting that if he had been able to get through to BOS, that he would have been able to negotiate a way forward that didn't involve the termination of C's BBL agreement at that time. But I don't feel that it's very likely that this would have been the case. Indeed, I feel that even had Mr B been able to speak with BOS when he wanted to that it's more likely than not that BOS would still have moved to terminate C's BBL agreement within a relatively short timeframe.

I say this because C's BBL was in a position of prolonged arrears, with no payments having been towards the BBL since full monthly repayments became due. Additionally, Mr B had explained C's position to BOS on several occasions, including that C wasn't trading and that there were ongoing restrictions placed on C's working premises by the local council that prevented it from doing so.

When an account holder isn't making payments towards a loan, it isn't incumbent on the loan provider to allow the account holder an indefinite amount of time to recover their financial position and clear any accrued arrears. And, given that BOS didn't move to terminate C's BBL agreement until after several payments hadn't been made by C, I'm satisfied that BOS did provide C with a fair and reasonable amount of forbearance here.

It's also notable that Mr B was able to speak with BOS on several occasions. This includes on 25 March 2022, when BOS's call notes record that Mr B confirmed it remained unknown when C would be able to begin trading again and so accepted a 30-day hold on the account to seek third-party advice on C's options. Another notable call took place on 12 August 2022 at which time Mr B again confirmed that C wasn't trading and that it still wasn't known when C would be able to begin making payments towards its BBL.

BOS's contact notes for the 12 August call also confirm that Mr B asked for more time for C to recover its position but was told by BOS's agent that it couldn't now be confirmed that C's account wouldn't be moved to BOS's collections and recoveries area or that a formal demand wouldn't be issued – which is what happened shortly afterwards.

All of which means that I feel that the terminating of C's BBL agreement for non-payment by BOS was unfortunately inevitable, given C's ongoing inability to make payments towards the loan and the significant prolonged arrears that had arisen as a result. And I don't feel that the defaulting of C's BBL account was tangibly impacted by the difficulties Mr B experienced when trying to telephone BOS – again, because I feel that C's BBL agreement would have been terminated by BOS within a short timeframe regardless.

But Mr B did experience long hold times when trying to telephone BOS, which often prohibited him from doing so. It isn't within the remit of this service to instruct a business to change its policies or processes, including how a business chooses to resource its incoming telephone lines. But it does seem clear from Mr B's testimony that C was inconvenienced by these long waiting times, especially as BOS appear to have not provided any alternative contact channel to C, other than a telephone number for Mr B to use.

Accordingly, I'll be provisionally upholding this complaint on the limited basis that C has been unfairly and unreasonably inconvenienced here by not being able to contact BOS, and I'll be instructing BOS to make a payment of £150 to C as compensation for this inconvenience. However, as explained, I don't feel that it

follows that because Mr B endured long wait times and struggled to contact BOS that C's BBL agreement was terminated because of this.

Instead, because of the difficult position C found itself, both financially and in being unable to trade, I feel that C's BBL agreement was unfortunately going to be terminated regardless. And so, I won't be provisionally issuing any further instructions to BOS here, beyond this payment of £150 inconvenience compensation to C.

Both Mr B on C's behalf and BOS responded to my provisional decision and confirmed that they had no further points they wished to make. As such, I see no reason not to issue a final decision upholding this complaint in C's favour on the basis explained above. And I therefore confirm that I do uphold this complaint on that basis accordingly.

Putting things right

BOS must make a payment of £150 to C.

My final decision

My final decision is that I uphold this complaint against Bank of Scotland plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 22 May 2023.

Paul Cooper
Ombudsman