

## **The complaint**

A limited company, which I'll refer to as 'G', is unhappy that Barclays Bank UK PLC confirmed a payment deferral plan on its Bounce Back Loan ("BBL") only to then immediately withdraw the plan without notice.

G's complaint is brought to this service by its director, whom I'll refer to as 'Mr P'.

## **What happened**

G had a BBL with Barclays and in May 2022 applied for Pay As You Grow ("PAYG") payment deferral plan to be applied to the BBL. Barclays initially accepted G's request and sent a written acceptance to G. However, Mr P later discovered that Barclays had cancelled the PAYG plan from G's BBL the day after they had issued the written acceptance to G. Mr P wasn't happy about this, so he raised a complaint on G's behalf.

Barclays responded to Mr P and noted that it had taken the commercial decision to no longer provide banking services to G and had closed G's business bank account the month previously, in April 2022. Barclays said that, based on its decision to close G's business bank account, G was no longer entitled to the PAYG plan on its BBL, Barclays also said that their initial acceptance of G's PAYG plan request had been an error.

As such, Barclays didn't feel they had acted unfairly by cancelling the PAYG plan from G's BBL as it had. But Barclays did apologise to Mr P for not informing him that the PAYG plan had been removed from G's BBL and offered to pay £150 to G as compensation for any trouble and inconvenience G had incurred. Mr P wasn't satisfied with Barclays' response, so he referred G's complaint to this service.

One of our investigators looked at this complaint. They didn't feel that Barclays had acted unfairly by withdrawing the PAYG plan from G's BBL as it had – although they felt that Barclays doing so was justified by the arrears that had been present on the BBL when G applied for the PAYG plan in May 2022, and not regarding Barclays' decision to close G's business bank account, as Barclays had stated in its response to G's complaint. Mr P 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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. This means that it isn't within my remit here to declare that Barclays have acted in a non-regulatory or unlawful way.

Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the circumstances and factors of a complaint into consideration.

Mr P feels that G was entitled to receive the PAYG option it applied for in May 2022, and that Barclays therefore acted unfairly by effectively declining G's request for it. But it must be noted that G had successfully applied for a prior PAYG payment deferral plan some months previously, in November 2021, which had meant that G had to make interest payments – but no capital balance repayments – towards its BBL for six months from November 2021.

But G hadn't made all the interest-only payments that were required of it during the first PAYG period but had only made three of the six payments required of it during that time. This meant that when G applied to Barclays to extend that payment deferral plan for another six months in May 2022, it was in a position of multiple arrears from the previous plan.

Given the arrears present on G's account as I've described them, I don't feel that it was unfair for Barclays to take the decision to not offer a further six months PAYG plan to G. And this is because a condition of the PAYG plan was that G must make the interest payments for the BBL during the time the plan was in place – which G hadn't done during the six months the earlier PAYG plan had been in place.

Had G kept up with the interest only payments on the earlier PAYG plan, I'd almost certainly feel differently here, because in this scenario G would have demonstrated that it could afford to meet the interest-only payments required of it under that plan. But G hadn't demonstrated this, and instead appeared to have demonstrated that it couldn't afford to make the reduced interest-only payments required by the PAYG plan.

Ultimately, because G had missed interest-only payments from the earlier PAYG plan, this meant that G's BBL was in a position of arrears. And while I accept that the BBL scheme was set up to try to help businesses negotiate the difficult financial circumstances that occurred with the emergence of Covid-19, it wasn't the case that lenders such as Barclays were expected to ignore arrears that developed and weren't repaid on BBL accounts or to not follow their arrears processes when payments required on a BBL – including a BBL benefitting from a PAYG plan – weren't made.

And so, I don't feel it was unfair or unreasonable for Barclays to not offer a further PAYG plan to G and to instead follow the arrears process they did – which ultimately led to Barclays issuing a formal demand for full repayment of the BBL by G in September 2022.

I can appreciate how, from Mr P's perspective, it was frustrating for G's PAYG extension request to have been initially approved by Barclays, only to be later withdrawn. But Barclays have explained that the approval of G's PAYG extension request was a mistake. And given what I've explained above about the arrears on G's BBL account, I don't feel that Barclays' explanation is unreasonable here.

However, I do feel that having made the decision to cancel the PAYG extension that had approved by mistake, Barclays should have notified Mr P about this and explained why they had taken the action they had.

Barclays have also acknowledged that they should have notified Mr P as soon as the PAYG extension was cancelled. And they've apologised to Mr P for this and offered to make a payment of £150 to G as compensation for any trouble or inconvenience caused.

Matters of compensation can be subjective. But the £150 that Barclays have offered here does feel fair to me, given the circumstances of this complaint, which include that this compensation is solely for the inconvenience incurred by G as a business resulting from it not being told of the cancellation of the extended PAYG plan in a timely manner, and isn't in any way for the act of cancelling the PAYG plan – which as explained above I don't feel was

unfair. And I can confirm that this £150 amount is commensurate with what I might have instructed Barclays to pay to G here, had they not already offered to do so.

As such, while I will be upholding this complaint in G's favour, I'll only be doing so on a limited basis to formally require Barclays to pay the £150 to G that they've already offered to pay. And I won't be making any further instructions to Barclays beyond this.

I realise this won't be the outcome Mr P was wanting, but I hope he'll understand, given all that I've explained, why I've made the final decision that I have.

### **Putting things right**

Barclays must make a payment of £150 to Mr G.

### **My final decision**

My final decision is that I uphold this complaint against Barclays Bank UK PLC on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 13 July 2023.

Paul Cooper  
**Ombudsman**