

The complaint

Mrs D, a sole trader, is unhappy with the service she received from Barclays Bank UK PLC surrounding the defaulting of her Bounce Back Loan ("BBL")

What happened

Mrs D had fallen into arrears on her BBL and in January 2023 she contacted Barclays for support. Barclays discussed a repayment plan for the arrears with Mrs D but needed to complete a full income and expenditure assessment with her so that they could understand her financial position before agreeing to any plan. Mrs D didn't have her income and expenditure information to hand, so Barclays agreed to call her back the following week.

Mrs D didn't receive a call back from Barclays as promised. Mrs D then sent a letter to Barclays asking them to write off the BBL debt, but she didn't receive any acknowledgement or reply to that letter. A short time later, Mrs D discovered that Barclays had defaulted her BBL for non-payment and transferred her debt to a debt recovery agency ("DRA"). Mrs D wasn't happy about this, so she raised a complaint.

Barclays responded to Mrs D and apologised if their agent hadn't called her back as agreed. However, Barclays felt that Mrs D had been aware that her BBL was in arrears and of the potential consequences if those arrears weren't addressed, and so felt that it was incumbent on her to have called Barclays herself if no call back was received. Finally, Barclays didn't feel that they'd acted unfairly by defaulting the BBL, given that the arrears hadn't been addressed, or by transferring the debt to a DRA. Mrs D wasn't satisfied with Barclays response, so she referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that Barclays had acted unfairly in how they'd managed the situation such that any further or alternative action was reasonably required of them, and so they didn't uphold the complaint. Mrs D 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. 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 factors and circumstances of a complaint into consideration.

Mrs D doesn't dispute that her BBL was in arrears when she spoke with Barclays in January 2023, but she's unhappy with the service she received from Barclays following that call.

During the January 2023 call, Mrs D was promised a call back by Barclays for the following week, at which time Barclays would take her income and expenditure information and potentially arrange a repayment plan for the BBL arrears. But Barclays didn't call Mrs D back as they'd promised.

I can appreciate how not receiving the promised call back would have been frustrating for Mrs D. However, I don't feel that Barclays not making this call back should reasonably be considered as directly contributing to the defaulting of Mrs D's BBL.

I say this because it's clear that Mrs D was aware that her BBL was in arrears and of the potential consequences of those arrears not being addressed. And so, in the absence of a call back from Barclays, I feel it was incumbent on Mrs D to have called Barclays herself and to have presented her income and expenditure information to them, if she wanted to arrange a repayment plan with them for the BBL arrears.

Mrs D has explained that she sent a letter to Barclays asking them to write off the debt but received no response from them. And Mrs D feels that this was because Barclays gave her an incorrect address on the letters that they sent her. But it's notable that Barclays arrears and financial support correspondence always asks account holders to call Barclays to discuss their accounts. Conversely, Barclays arrears and financial support letters don't encourage correspondence via letter or highlight an address for account holders to do so.

Mrs D has explained that the letter she wrote to Barclays asked Barclays to write off her BBL debt. But given the self-attested nature of the BBL scheme – meaning that Mrs D self-attested in her BBL application that she could afford to repay the loan, and that Barclays didn't and weren't required to assess Mrs D's affordability for the loan – it's questionable as to whether Barclays should fairly have been expected to consider such a request.

At the very least, I would have expected Barclays to have required a thorough investigation of Mrs D's personal situation and affordability, which it seems reasonable that they would have required Mrs D to have discussed with them verbally, as per their contact policy. In short, even had Barclays received Mrs D's letter, I'm not convinced that anything tangible would have changed. Mrs D would still have been required to speak with Barclays, and her loan would still most likely have been defaulted.

On that latter point, it seems possible, from the information that Mrs D has presented to this service, as well as the fact that she wrote a letter to Barclays asking them to write off the BBL debt, that Mrs D wasn't able to meet her contractual repayment obligations as per the BBL agreement. But if that were the case, then the defaulting of the BBL for non-payment would be the fair outcome here. And I say this because I feel it's fair that a loan should be defaulted, as per that loan agreement, if the ongoing payments required by the loan agreement aren't made.

Mrs D is unhappy that Lloyds transferred her defaulted debt to a DRA. But the transferral of debt to a DRA is a common practice and one that's permitted by the BBL agreement, which Mrs D accepted and consented to when she received the loan. And Barclays didn't require any further consent beyond that which Mrs D had already given to fairly transfer her debt to a DRA as they did.

Ultimately, Mrs D received a BBL which she's had the benefit of but which she hasn't repaid as per her contractual obligations. And because of this, I feel that the outcome that's taken place here – the defaulting of the BBL and the transferral of the debt to a DRA – is fair.

And while it was the case that Barclays didn't call Mrs D back as they'd promised, I feel that the apology that Barclays have already issued to Mrs D for that mistake does provide a fair

resolution to that aspect of Mrs D's complaint. And I don't feel that the non-receipt of the call back absolves Mrs D of her obligations as the BBL account holder to engage with Barclays in the manner that Barclays required of her.

Finally, Mrs D has outlined her current financial and personal position to this service, which she feels means it's unlikely that she'll be able to afford to repay the BBL debt. I can only sympathise with Mrs D in these regards, and I can only encourage her to discuss these matters directly with the DRA which presently administers her BBL debt.

All of which means that I don't feel that Barclays have acted unfairly here in the manner that Mrs D contends. And it follows from this that I won't be upholding this complaint or instructing Barclays to take any further action.

I realise this won't be the outcome Mrs D was wanting. But I hope she'll understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 31 January 2024.

Paul Cooper
Ombudsman