

The complaint

A limited company that I will refer to as F complains about the support provided by Handelsbanken plc trading as Handelsbanken in relation to business lending.

What happened

The following is intended only as a brief summary of events. Additionally, whilst a number of individuals have been involved, I have largely just referred to F and Handelsbanken for the sake of simplicity.

F held a business account with Handelsbanken. In late 2021, F contacted Handelsbanken as it was suffering from cash-flow issues. This was, in part, the result of an accountancy error. F spoke with Handelsbanken, requesting financial assistance – including an increased overdraft facility of £100,000 and a repayment holiday on its existing loans. In doing so, F referred to an offer of support Handelsbanken had made in May 2020, during the first national lockdown relating to the COVID-19 pandemic.

Handelsbanken agreed to a short-term overdraft facility of £35,000 to provide assistance whilst a more long-term plan could be put in place. Ultimately, the bank provided a 12-month loan of £200,000. A valuation of F's property was required before this could be agreed.

The exact nature and content of the discussions between F and Handelsbanken is disputed. It seems that phone calls were made via the mobile phone of Handelsbanken's employee and so were not recorded. Handelsbanken has only been able to provide copies of emails sent to F (and its representative). These do make reference to the calls that were made.

F has said that Handelsbanken was aggressive and hostile over the phone. And that the bank would only provide the loan if F agreed to sell its property within a year of the loan being provided. F is also unhappy that it was required to pay for the property valuation, as it does not consider this to have been required – and that it was unable to use its own valuer.

Handelsbanken has said that it was F's director's decision to retire and to sell the property. And that the sale of the property was not a condition of the loan. Handelsbanken has also said that the most recent valuation was over three years old, and that its requirements are for a valuation under this – to be carried out by an approved member of its panel.

F brought its complaint to the Ombudsman Service. However, our Investigator did not recommend it be upheld. He thought the evidence indicated it was most likely that the decision to sell the property had been F's. And that the information Handelsbanken had requested, and the decisions it had made, were reasonable in the circumstances. F remained unsatisfied, saying that the bank was hostile and pushed F into selling the property.

As the Investigator has been unable to resolve this complaint, it has been passed to me for a 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 am not upholding this complaint. I'll explain why.

As our Investigator has pointed out, the complainant here is F. F has referred to the personal impact of this situation on its directors. Whilst I am sorry to hear about this, I am unable to consider this impact as part of this complaint. F is legally separate from its directors, and they are not the complainant in this case. I am only able to consider any impact on F as an entity in its own right.

F has made a number of references to the content of phone calls with Handlesbanken staff, and that the bank had been hostile and pressurised F within these calls. Without the recordings, it is not possible for me to know what the exact content of these calls was. However, I do feel that I am able to take the content of the emails that were exchanged around the same time as providing some context.

I have taken into account that it is possible F did not want to cause issues with the bank at a time when it was reliant on it to provide additional funding. But there is no indication within the emails of any bullying or aggressive behaviour from the bank – either specifically within the emails themselves or that has been referenced as having been within the calls. It does seem unlikely to me that a completely different attitude would be shown in the calls to the emails, and that this would not have been mentioned at the time.

It is possible that F misinterpreted Handlesbanken setting out its lending requirements as being hostile. But, ultimately, I am not persuaded that the bank most likely acted inappropriately within the calls.

In terms of the actual assistance provided, I do note that Handlesbanken did not agree to F's specific request. But I do not consider this was something that it needed to do. The position in May 2020 was different to that in late 2021. Whilst F may have still been impacted by the pandemic at this later date, I do not consider Handlesbanken was bound by any informal offers of assistance made 18 months prior.

Handlesbanken agreed to a short-term measure which seems appropriate. And then agreed to a longer-term measure that provided the finances F required.

F is unhappy that this longer-term requirement was based on the need for the property to be sold within a year. I do note that the terms of the loan do not reference the need for the property to be sold. However, this was clearly a consideration that Handlesbanken had at the time. An email from the bank in December 2021 refers to a desire to avoid a situation where the property remains unsold and the issues with servicing F's debts remain. And the terms of the loan did not include any early repayment charges, which the bank has said was in light of the expectation the property would be sold at some point and the loan potentially repaid early.

Whether selling the property or not was initially a decision of F's or was a suggestion by Handlesbanken is not clear. It seems likely to me that there was a discussion in November 2021 where options for enabling further finance were explored. And that one of these was for relatively short-term finance to be provided whilst the property was sold. It is though notable that Handlesbanken said in an email at the time that it was not making any recommendation or suggestion to sell, and that this was a decision of the directors. F has more recently said this was the bank being defensive – presumably on the basis that it

realised it had acted inappropriately. But this was not something that was disputed at the time, and I find that more persuasive.

Given the concerns the bank had over F's ability to meet further finance, the planned sale of the property may well have been one of the only ways for this additional finance to be agreed. And I have not been provided with any evidence that persuades me that Handlesbanken acted inappropriately in relation to this.

A bank is required to consider the repayment strategy of a loan before agreeing to provide it. And in a position where there were a number of financial concerns, the sale of the property was an appropriate strategy.

Once this had been suggested, it seems reasonable for the bank to request updates on its progression. Additionally, the updates Handlesbanken were requesting at the time seem to be more to do with an attempt to avoid requiring the valuation of the property – if a sale was agreed, a valuation might not have been needed. In the end, a sale was not agreed though and a valuation was required.

I note that the property had been valued just over three years previously. But this was outside the bank's required timeframe and it was entitled to require a new valuation. It was also entitled to require that this valuation be carried out by one of its panel, rather than the valuer F wanted to use.

I do appreciate that F feels let down by the bank. But, having taken everything into account, I am not persuaded that Handlesbanken acted inappropriately. I appreciate this is not the outcome F or its directors hoped for, but I am unable to fairly or reasonably ask Handlesbanken to do more.

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 F to accept or reject my decision before 19 April 2024.

Sam Thomas
Ombudsman