

The complaint

Mr H complains that National Westminster Bank PLC (NatWest) defaulted his Bounce Back Loan (BBL) and passed it to a debt recovery agent.

To put things right, he wanted NatWest to recall the debt from the recovery agent in order to return to the original repayment plan. He also wanted NatWest to reinstate his online banking access.

What happened

In August 2020, NatWest granted Mr H a BBL in the sum of £48,000. The following month, NatWest blocked Mr H's accounts (including his access to online banking), while it carried out a review. When it completed its review, NatWest decided it no longer wished to offer Mr H banking services, so it sent him letters giving him 7 and 14 days' notice of its intention to close his business and personal accounts on 28 September 2020.

NatWest wasn't able to completely close Mr H's accounts, because of the outstanding BBL. However, on 18 May 2021, NatWest exercised its contractual right to offset the funds in Mr H's accounts against the BBL debt. And on 13 October 2022, NatWest called in the loan and issued a formal demand for repayment in full.

Mr H complained, but NatWest didn't uphold his complaint, so he brought the matter to our service, saying he was unhappy NatWest closed his accounts and took away his online banking access. And that he wanted NatWest to reinstate the original BBL repayment terms.

Our Investigator looked at the complaint, but she didn't uphold it. She said NatWest had closed Mr H's accounts in line with its terms of business, and that NatWest was entitled to call in the BBL and use the funds in Mr H's accounts to offset against the BBL debt. She had concerns that Mr H wasn't eligible for the BBL he had applied for, and she asked Mr H to provide evidence to demonstrate his turnover matched the figure of £200,000 he declared on the application. She asked Mr H to provide evidence his declared turnover was accurate, but Mr H wasn't able to provide such evidence.

NatWest accepted our Investigator's findings, but Mr H didn't. He said NatWest didn't ask him for evidence of his turnover and that NatWest shouldn't have granted the BBL if it didn't think his turnover figure was plausible.

He said he had signed an agreement that would bring him a turnover of between £52,000 and £78,000 per year, and that he was also doing work as an independent contractor for various other companies that would have earned him more money. But he didn't provide any evidence to support his claims.

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.

Firstly, I should say that I'm aware I've summarised the events of this complaint in far less detail than the parties, and that I've done so using my own words. The reason for this is that I've focussed on what I think are the key issues here, which our rules allow me to do.

This approach simply reflects the informal nature of our service as a free alternative to the courts. And I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome in this case. So, if there's something I've not mentioned, it isn't because I've ignored it, and I must stress that I've considered everything both Mr H and NatWest have said, before reaching my decision.

Account closure

A bank is entitled to close an account with a customer, so long as it does so in a way that complies with the terms and conditions of the customer's account.

The terms and conditions of Mr H's accounts permitted NatWest to close the accounts without notice in certain circumstances. NatWest has explained to our service why it decided to end its relationship with Mr H, and it's provided evidence to support its decisions. Having reviewed that evidence, I'm satisfied NatWest was entitled to exit Mr H without notice, so it follows that it did nothing wrong by giving 7 and 14 days' notice of its intention to close the accounts.

I recognise Mr H wants NatWest to reinstate his access to online banking, but that is a feature that goes hand in hand with account ownership, so I wouldn't expect NatWest to allow online access to a customer it has ended its relationship with. And so, I won't ask it to reinstate the same.

The BBL

Under the Government-backed BBL scheme, the maximum loan amount available was £50,000. And applicants could only qualify for the maximum amount if their business turnover was £200,000 or more.

When Mr H applied for the BBL (in August 2020), he declared his turnover to be £200,000. He later told our service that was an estimated turnover and that he had declared an estimated turnover instead of an actual turnover, because his sole trader business was established after 1 January 2019, and the BBL application form stated an estimated turnover should be provided if a business was established after that date.

While it is true to say the application Mr H completed said an estimated turnover was acceptable for businesses established after January 2019, that is not the end of the story. BBLs were introduced with the intention of getting money to businesses that needed the money with the minimum of delay, which is why applicants were allowed to self-certify their turnover and why NatWest wasn't obliged to check the veracity of the application at the time it was made.

The application also contained a declaration that the information provided was complete and accurate. As well as a declaration that providing incomplete or inaccurate information would be regarded as an attempt to gain a financial advantage dishonestly. So, it follows that there was a clear expectation that the application would be completed honestly and accurately.

I appreciate calculating an estimated turnover in these circumstances is not an exact science, and I wouldn't expect Mr H to have been able to give a precise figure. And I also recognise that things change and that what might qualify as a reasonable estimate on one day might vary significantly several months down the line.

But with that being said, I haven't seen compelling evidence from Mr H to show that the estimate he gave on the application form was reasonable given what he knew at the time. He said he had a contract that would result in a turnover of up to £78,000, but he hasn't produced a copy of that contract and Mr H hasn't provided any further evidence to corroborate his story. And he hasn't provided evidence to demonstrate the business that applied for the BBL reasonably expected to turnover £200,000.

It's also worth noting that the activity on Mr H's NatWest accounts doesn't match what he's told our service about his business and doesn't support the suggestion that his declared turnover figure was an accurate estimate.

It's for the above reasons that I'm not persuaded Mr H's estimated turnover was reasonable or accurate. And so, I can't be satisfied that he was entitled to the BBL in the first place. The terms of the BBL entitle NatWest to call in the loan in such circumstances, and they also entitle NatWest to offset account funds to pay down the debt. So, quite simply, I'm satisfied NatWest acted appropriately here and I won't ask it to take any action to put things right for Mr H.

Because the debt has been called in, NatWest doesn't have to adhere to the original repayment terms and so and I won't ask it to reinstate the same, or to recall the debt from the third-party debt collector.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 23 October 2024.

Alex Brooke-Smith
Ombudsman