

The complaint

A limited company, which I'll refer to as 'J', is unhappy that Metro Bank PLC defaulted its Bounce Back Loan ("BBL").

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

What happened

J successfully applied to Metro for a BBL in June 2020 and received the loan funds shortly thereafter. The terms of the BBL included that J would be contractually required to make monthly payments of £898 to the loan from July 2021 onwards. The first scheduled payment was made by J in July 2021, but the next payment – in August 2021 – wasn't made, meaning that J's BBL was in arrears from that point.

Mr L's late wife, Mrs L, dealt with all the financial matters for J until she fell ill in August 2022. Mrs L sadly passed away a few months later, in October 2022. This understandably contributed to J not making the October 2022 BBL payment, as Mr L was left as the sole director of J and was in the first stages of mourning at that time.

In November 2022, Mr L contacted Metro and informed them of Mrs L's passing. Mr L also arranged a six-month Pay As You Grow ("PAYG") payment deferral plan and agreed to pay £100 a month to clear the two missed payments that had occurred on J's BBL at that time. Mr L made the £100 payment as per his arrangement with Metro in December 2022, but the £100 payment in January 2023 wasn't made. This led Metro to issue a final demand to J and to begin proceedings to potentially default J's BBL.

J appointed a new financial controller in January 2023, whom I'll refer to as 'the FC'. On 26 January, when the FC became aware that the £100 payment for that month had been missed, they contacted Metro and made a payment of £200 to cover the payments for January and February. However, Metro had already defaulted J's BBL for non-payment at that time. Mr L wasn't happy about this, so he raised a complaint on J's behalf.

Metro responded to Mr L. But they didn't feel that they'd done anything wrong by following their account arrears process which had resulted in the defaulting of J's BBL. Mr L wasn't satisfied with Metro's response, so he referred J's complaint to this service.

One of our investigators looked at this complaint. They didn't feel that Metro had provided a fair standard of service to Mr L, including that Metro didn't refer Mr L to their bereavement team after being informed of the death of Mrs L. And our investigator also felt that, if Metro had referred Mr L to their bereavement team and had applied appropriate forbearance in consideration of the difficult personal circumstances that Mr L had faced at that time, that it was more likely than not that the defaulting of J's BBL wouldn't have occurred.

Our investigator therefore recommended that this complaint should be upheld in J's favour and that Metro should remove the default and arrange a new arrears repayment plan with J. And they also said Metro should pay £750 compensation to J for the inconvenience and trouble it had incurred. Metro didn't agree with the view of this complaint put forward by our

investigator, 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 19 October 2023 as follows:

As an ombudsman, it's always difficult when considering a complaint where the passing of a loved one has sadly occurred. And this is particularly the case when the eligible complainant is a limited company, as is the case here.

This is because this service considers complaints referred to us by limited companies in a different manner to complaints brought to us by people in a personal capacity. For instance, this service can't consider awarding compensation for upset and distress to a limited company, because a limited company is a legal entity and not a person, and because only people can experience upset and distress.

I highlight this point at the outset here because, sadly, Mr L has incurred a personal tragedy – the loss of his wife – that has to be taken into consideration in any fair assessment of this complaint. In my professional capacity I must remain conscious that the eligible complainant here is J the limited company. However, I'm also very mindful that the personal tragedy that befell Mr L here will clearly and understandably have had an effect on Mr L's ability to fulfil his professional duties and obligations as a director of J.

I'm aware that Metro feel that they've followed an appropriate account arrears process and I note that Metro did provide a degree of forbearance to J by accepting an arrears repayment plan, rather than insisting on the clearing of the arrears in full. And I note that Metro only moved to default J's account when a payment on the arrears repayment plan was missed.

Ultimately, however, I feel that the passing of Mrs L is and should be a significant factor here. And it doesn't feel fair to me, in consideration of what happened, that J's BBL account should be defaulted because a £100 arrears repayment plan payment was made late.

I also feel that the fact that Mr L appointed the FC for J demonstrates that he was aware that he wasn't able to fulfil his professional obligations fully at that time. And I'm satisfied that the FC acted quickly to clear the £100 arrears as soon as they became aware of them.

I'm also in agreement with our investigator that Mr L, when he spoke with Metro in November 2022 and informed them of his wife's passing the previous month, should have been referred by Metro to their bereavement team at that time. And I feel that had that been the case, that the more personalised service the bereavement team may have been able to provide to Mr L and to J could potentially have led to a different outcome here – one where J's BBL wasn't defaulted by Metro.

In taking this position, I've considered guidance issued by the Lending Standards Board regarding vulnerable customers, which is as follows:

"Firms will achieve this... with systems and controls that are capable of assisting in the identification of customers who are, or may be, in a vulnerable situation, and having appropriate measures, training, referral points and skilled staff to deal appropriately with the customer once identified."

I think a recently bereaved person is a vulnerable customer, and I'm satisfied that the

following statements from the Lending Standards Board confirm that a director of a company can be considered as being a vulnerable person.

“The following Standards have been drafted to support Firms in identifying and addressing situations where an individual within a business either is, or the Firm has reason to suspect that they may be, vulnerable. These Standards can be applied to a sole trader, partnership or to an individual within a limited company”

“Reference to an individual means a person who, when taking into account information available to the Firm about the how the business is structured and operates, is able to exert significant control over the way in which it is run.”

I'm aware that Metro feel that it was communicated to Mr L on phone calls in November 2022 how to reset J's online banking password so that Mr L could regain access to J's account, and of the potential consequences if J didn't adhere to the arrears repayment plan.

But I feel it's too simplistic to assume, following the passing of Mrs L, that Mr L was grieving until he was not, and that his contact with Metro in November 2022 was an indication that he was willing and able to resume his professional duties as J's director. Rather, I feel Mr L's situation and state of mind was likely to have been more complex here. And I reiterate that by failing to refer Mr L to their bereavement team, I feel that Metro missed the opportunity to manage this situation as fairly and compassionately as they reasonably should have done.

Because of this, my provisional decision is that Metro must reinstate J's BBL and allow any unused PAYG options to be availed of by J. And Metro should also contact Mr L or the FC and arrange a new affordable arrears repayment plan with them. Finally, Metro must remove the default from J's credit reporting and instead report the BBL as though J had been in the arrears repayment plan. And if it's the case that J haven't made payments in line with the arrears repayment plan, following the defaulting of the BBL, the Metro should consider the plan to have been suspended until a new arrears payment plan is agreed with J.

However, I won't be provisionally instructing Metro to pay any compensation to J for the trouble and upset it's incurred. This is because Metro had arranged an arrears repayment plan with Mr L, and so had provided a degree of forbearance to J, and because it must be acknowledged that J's BBL had been in a position of arrears for some time before the passing of Mrs L, because of the missed payment in August 2021 – although Metro appear to have not acted upon those arrears.

All of which isn't to say that I'm not appreciative of Metro's position here. Indeed, I can understand why they feel that they've followed a correct process in defaulting J's BBL. But it can be the case in certain circumstances that a process can be followed correctly but that the outcome that results from that correctly followed process is unfair.

I feel that this is what's happened in this instance. But one of the functions of this service is to assess a complaint impartially. And having done so I feel it's fair and reasonable to say that Metro should have applied a greater level of compassion that they did here.

In my provisional decision letter, I gave both Mr L and Metro the opportunity to respond and provide any comments or objections they might wish me to consider before I moved to issue a final decision. Metro confirmed that they were happy to accept my provisional decision, whereas Mr L did not provide any response.

As such, I see no reason not to uphold this complaint in J's favour on the basis described in my provisional decision letter above. And I therefore confirm that I do uphold this complaint on that basis accordingly.

Putting things right

Metro must reinstate J's BBL and allow any unused PAYG options to be availed of by J.

And Metro should also contact Mr L or the J's financial controller and arrange a new affordable arrears repayment plan with them.

Finally, Metro must remove the default from J's credit reporting and instead report the BBL as though J had been in the arrears repayment plan. And if it's the case that J haven't made payments in line with the arrears repayment plan, following the defaulting of the BBL, then Metro should consider the plan to have been suspended until a new arrears payment plan is agreed with J.

My final decision

My final decision is that I uphold this complaint against Metro Bank PLC on the basis described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 15 December 2023.

Paul Cooper
Ombudsman