

The complaint

A limited company, which I'll refer to as 'S', is unhappy with the service it received from Barclays Bank UK PLC which led to the defaulting of its Bounce Back Loan ("BBL")

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

What happened

S had a BBL with Barclays. In June 2022, Mr L updated the address for S with Barclays, but this caused Barclays to cancel the direct debit that was set up to make the monthly payments for S's BBL, which in turn caused S's BBL to fall into arrears. Mr L contacted Barclays about this and set up a direct debit to clear the arrears and agreed to keep the original direct debit instruction in place to make the scheduled BBL payments moving forward. However, the next month, the same thing happened, with Barclays cancelling the BBL direct debit so that no payment was applied for and so S's BBL fell into arrears.

Mr L contacted Barclays again about the missed BBL payment and made a similar arrangement as he had previously. But two further monthly BBL payments were missed by S because Barclays kept cancelling the direct debit, with the issue being that Barclays weren't updating the address for S correctly on their systems.

Furthermore, because of the missed BBL payments, Barclays considered the loan to have fallen into a position of default. But they sent notices about this to S's old address – the address which Mr L had informed Barclays on several occasions was no longer valid – which meant that Mr L didn't receive those notices. And the first time Mr L became aware that Barclays had begun proceedings to default S's BBL was after the BBL was defaulted and when S was contacted by the debt recovery agency ("DRA") to which Barclays had passed S's BBL debt. Mr L wasn't happy about this, so he raised a complaint on S's behalf.

Barclays responded S's complaint and noted that they'd spoken with Mr L on several occasions and had discussed actions regarding S's BBL which then weren't taken by Mr L. This meant that several payments had been missed on S's BBL, and Barclays didn't feel that they'd done anything wrong by then following their arrears recoveries process.

However, Barclays acknowledged that on a few occasions when they'd spoken with Mr L, they hadn't given him correct information or hadn't fully explained the potential consequences of continuing arrears on S's BBL. Barclays apologised to Mr L for this and offered to make a payment of £125 to S as compensation for any trouble or inconvenience Mr L may have incurred in his role as S's director. Mr L wasn't satisfied with Barclays' response to S's complaint, so he referred the 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 administered S's BBL, and they felt the apology and £125 Barclays had offered S regarding the service errors already represented a fair resolution to that aspect of S's complaint. Mr L 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.

I'm aware that Mr L has made a Data Subject Access Request ("DSAR") to Barclays on behalf of S which he's still waiting for Barclays to fulfil to his satisfaction. And Mr L has asked me to consider not issuing a final decision on this complaint until S's DSAR is fulfilled to his satisfaction so that he can fully evidence his position on this complaint. However, upon consideration, I don't feel that there is any reasonable need for me to delay issuing a final decision in this instance, given the circumstances of this complaint.

The reason I've reached this conclusion is because, ultimately, S didn't make the monthly payments that were contractually required of it as per the BBL agreement, such that the BBL fell into arrears. Because of this, I'm satisfied that it was fair for Barclays to have followed the collections and recoveries process that they did, including the defaulting of the BBL.

It's important to explain here that S's contractual obligation to make the monthly payments towards the BBL isn't in any way diminished or reduced by any service issues that Mr L might have experienced. In short, this means that it was Mr L's responsibility, as director of S, to have ensured that S made the monthly payments towards the BBL that it was contractually required to make even if he encountered difficulties making those payments.

Additionally, if it was the case that Mr L experienced unreasonable trouble or inconvenience in ensuring that the monthly payments for S's BBL were made, then this service would look to assess whether S should fairly be compensated for that trouble and inconvenience. But as explained, I wouldn't consider it fair that S didn't make the monthly BBL payments it was contractually required to make, even in consideration of any difficulties Mr L encountered and experienced when trying to make those payments.

There could, of course, be extreme examples which might cause me to think differently in this regard, such as if S was somehow completely prevented from making payments towards the BBL by Barclays. But that wasn't the case in this instance, and it's evident that Mr L was aware that S's BBL had fallen into arrears and how he could make manual payments towards S's BBL if he needed to – such as if the direct debit payment wasn't successful.

Because of the above, I don't feel that there is any new or further information that Mr L can provide here that could reasonably cause me to not consider him, as director of S, to be responsible for the missed payments on S's BBL. And this is because Mr L would need to be able to present information to me which would show that he was completely prevented from making a payment towards S's BBL by all possible channels – which I'm satisfied from the information already available to me, wasn't the case. And for this reason, I don't feel that there is any fair cause for me to delay issuing this final decision as Mr L would like.

Mr L has explained that he changed S's address with Barclays in June 2022, which he believes Barclays failed to action correctly and which led to Barclays cancelling S's BBL direct debit. Barclays don't agree with Mr L's testimony in this regard, and they don't feel that a change of address would have the effect on S's direct debit Mr L claims. Barclays have also provided contact notes for S which include that they spoke with Mr L in March 2022 when Mr L explained that S wasn't able to afford the BBL payments at that time because S had opened a new shop which had impacted the amount of money that was available to make such payments around that time. And Barclays also say that they weren't informed of a change of address for S until November 2022, and not in June 2022 as Mr L contends.

It's clear, then, that there are significant differences between what Mr L and Barclays say

took place here. But as explained above, regarding the actions about which Mr L complains on S's behalf – the defaulting of S's BBL – I don't feel that it's necessary to consider these discrepancies in detail. And this is because I'm satisfied that the events and circumstances which are important to the outcome of this complaint can be confirmed.

Mr L has explained that Barclays were sending letters about the BBL arrears to an incorrect address. Barclays don't agree with Mr L here and feel that they sent letters to the correct address and note that they also attempted to contact Mr L by other channels of communication.

Again, I don't feel that the differences in the testimonies of Mr L and Barclays are overly important here. And I say this because I'm satisfied Mr L was aware that S's BBL was in arrears. This is because Mr L's own testimony – which includes that he was calling Barclays from June 2022 about missed payments on the BBL – confirms that this was the case.

Importantly, as explained earlier, I'm satisfied that S's contractual obligation to make the monthly payments as per the BBL agreement is the primary point of order here. And one consequence of this is that it was Mr L's responsibility to ensure he monitored S's BBL and was aware of the ongoing status of the loan by whatever channels were available to him, regardless of whether S was receiving correspondence about the BBL from Barclays or not.

I'm also satisfied that Mr L was aware that he could make manual payments towards the BBL if the direct debit payment wasn't taken, for whatever reason. And I note that Mr L did make such a manual payment in September 2022 – several months before Barclays eventually defaulted S's BBL for outstanding account arrears in February 2023.

The point that I'm reiterating here is that if Mr L was encountering difficulties paying S's monthly BBL payments, there were alternative ways to make the BBL payments that Mr L was aware of but ultimately didn't utilise. And because Mr L didn't make the BBL payments, S's BBL fell into arrears. And because S's BBL fell into arrears, I don't feel that it was unfair for Barclays to have followed the account arrears process that they did – including the eventual defaulting of S's BBL for unpaid arrears in February 2023.

Regarding the potential difficulties that Mr L may have experienced surrounding S's BBL, Barclays have accepted that on one occasion Mr L was given inaccurate information about what action Barclays required from S given the arrears present on S's BBL at that time. And Barclays have also accepted that on another occasion, the potential consequences for S of not clearing the arrears on the BBL weren't fully explained. And Barclays have apologised to S for this and have offered to pay £125 compensation for any trouble and inconvenience these mistakes may have caused.

Barclays position here seems reasonable to me. This is consideration of the impact of these events on S, and also in consideration that correct information was given to Mr L about these points at other times. I've also considered the general framework which this service uses when assessing compensation amounts – details of which are available on this service's website – and having done so, I'm satisfied that £125 is a fair compensation amount for these specific events.

I've also thought about whether any further compensation might potentially be merited for difficulties which Mr L explains he encountered when trying to make S's BBL payments. But I don't feel that the evidence available to me corroborates Mr L's position to a reasonable degree here. And even if I did, I'm not convinced that any further compensation would be merited, given the actions I feel Mr L could reasonably have taken here – such as monitoring S's BBL account and making the required manual payments to clear any accrued arrears – which I feel would have mitigated against a large position of the trouble and inconvenience S

potentially encountered.

All of which means that I feel that the response that Barclays issued to S's complaint already represents a fair outcome to what happened here. And so, while I will be upholding this complaint in S's favour, I'll only be doing so on a limited basis – to instruct Barclays to make the £125 compensation payment to S that they've already offered to make.

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

Putting things right

Barclays must make a payment of £125 to S.

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 S to accept or reject my decision before 4 January 2024.

Paul Cooper
Ombudsman