

The complaint

A limited company, which I'll refer to as 'C', is unhappy that National Westminster Bank Plc (NatWest) defaulted its Bounce Back Loan (BBL).

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

What happened

To briefly summarise: C held a BBL with NatWest and was making monthly payments towards it. Unexpectedly, Mr H received an email from NatWest which explained that C's BBL had been defaulted for non-payment of arrears. Mr H wasn't happy about this, so he raised a complaint on C's behalf.

NatWest responded to Mr H and explained that C's BBL had been in arrears since 2021 and that NatWest had attempted to discuss the arrears with Mr H on several occasions but without success. As such, NatWest didn't feel they'd done anything wrong by defaulting C's BBL for non-payment of its BBL account arrears as it had. Mr H wasn't satisfied with NatWest's response, so he referred C's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that NatWest had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr H 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 note that Mr H has provided several detailed submissions to this service regarding C's complaint. I'd like to thank Mr H for these submissions, and I hope he doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr H notes that I haven't addressed a specific point he's raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both C and NatWest. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

The terms of C's BBL included that C became liable to make monthly payments of £708.89 towards the BBL from 14 June 2021 onwards. But C didn't make its contractually required BBL payments for the first five months that it was required to - from June 2021 through October 2021 - which meant that the BBL fell five months (£3,544.45) into arrears.

On 13 October 2021 - the day before the October 2021 BBL payment was due - C made a lump sum payment of £2,835.37 to the BBL. But while this payment was in consideration of

the four months of arrears that were present on the account at that time, it didn't take into account the October monthly payment that was due the next day.

C did begin making monthly payments towards the BBL the following month, in November 2021, but it never made up the October 2021 payment that it had missed. And while a credit of £250 was made to C's account by NatWest, this reduced but didn't clear the arrears present on the account. All of which means that C's BBL has been continuously in arrears since October 2021.

NatWest have provided their call notes for C's BBL which show that they spoke with Mr H on 26 October 2023, at which time they informed Mr H that C's BBL was in arrears. But NatWest's notes for this call also explain that Mr H refused to accept that C's BBL was in arrears and wouldn't allow NatWest's agent to explain.

I find NatWest's call note to be persuasive, and I don't feel that such a detailed call note would have been added to C's file by NatWest unless such a call had taken place. Additionally, given that C's contractually required BBL payments were scheduled to start in June 2021, and that C didn't begin making regular payments towards its BBL until November 2021, I feel that it should have been recognised by Mr H that C had missed five monthly BBL payments - June, July, August, September, and October - and that therefore any lump sum payment made in October 2021 should have been equal to five BBL payments, rather than the four that C addressed.

Accordingly, I feel if Mr H wasn't aware that C's BBL was one month in arrears from October 2021 onwards, that Mr H himself should fairly be considered to be solely responsible for this. And this is because I feel that the number of months that C hadn't made BBL payments should have been readily apparent to Mr H, and because I'm satisfied that NatWest called Mr H in late October 2021 and informed him of C's BBL arrears.

Additionally, the fact that C was behind on its BBL payments was always evident from C's BBL statements. Mr H has said that he didn't have access to C's BBL account via online banking because he had moved C's business current account from NatWest to another provider. But a bank doesn't restrict access to a customer's accounts which remain with them if that customer moves one of its accounts to another bank. And NatWest have confirmed that Mr H was able to access C's BBL account via their online platforms up until the point that they defaulted the account for non-payment in 2023.

Mr C has explained that he received emails from NatWest every month stating that C's BBL payment hadn't been received by them, and that he called NatWest about these emails regularly and on each occasion was told that C's monthly payment was being received and that there was no issue. Conversely, NatWest dispute Mr H's claim that he spoke with them at all about C's account as they have no record of receiving any such calls from him. And NatWest also note that if Mr C had called them about C's BBL, then it would have been explained to him that the loan had been in arrears since October 2021.

I find NatWest's position to be persuasive here. This is because not only do NatWest have no record of receiving any calls from C, but also because Mr H hasn't provided any call records himself which would corroborate his claim, as he's been invited to do.

Accordingly, in consideration of all the above, I don't feel that NatWest have acted unfairly by considering C's BBL to have been in arrears since October 2021.

NatWest have also explained that because the overall amount of the arrears was relatively low, being less than one monthly payment amount following the credit of £250, they were reluctant to default the account and wanted to allow C every opportunity to repay its BBL

arrears. But NatWest weren't willing to allow the arrears to remain unpaid and unaddressed indefinitely, and so in 2023 they began an account arrears process which - following a lack of engagement from C - resulted in the defaulting of the BBL in April 2023. And again, given the circumstances that I've described here, this feels fair to me.

Mr H has explained that he didn't receive letters about the arrears that NatWest sent to C, including the formal demand for the BBL that NatWest sent in March 2023, because C's address had changed, meaning that NatWest were sending letters to an incorrect address. But Mr H didn't update NatWest with C's new address until after the BBL had been defaulted, and so I'm satisfied that it wasn't NatWest's fault that C didn't receive the letters that NatWest sent to the address for C it had on file.

All of which means that I don't feel that NatWest have acted unfairly here as Mr H contends. And it follows from this that I won't be upholding this complaint or instructing NatWest to take any further action.

Finally, I note that NatWest have accepted a recommendation put forwards by our investigator to make a payment of £75 to C as compensation for not providing statements to C in a timely manner in June 2023. This seems reasonable to me. But given that it relates to events not considered by NatWest in their responses to C's complaint, I leave it to NatWest to make this payment of £75 to C.

I realise this won't be the outcome Mr H was wanting. But I trust he'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 C to accept or reject my decision before 28 March 2024.

Paul Cooper
Ombudsman