

The complaint

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

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

What happened

W's BBL fell into arrears which led Barclays to issue a formal demand to W on 26 January 2023. The formal demand required W to fully repay its BBL by 21 February 2023, and explained that if W didn't fully repay its BBL by that date, the loan may be defaulted.

Mr J called Barclays on 28 January 2023, having received the formal demand, and asked whether he could arrange an arrears repayment plan for W to avoid the defaulting of the BBL. Barclays explained that this may be possible, but that they would need to conduct an income and expenditure assessment for W with Mr J.

Mr J didn't have the information to hand to conduct such an assessment and asked if he could call back at a later date and provide it. In response, Barclays explained that the formal demand expired on 21 February 2023, and that Mr J could call back no later than that date.

Unfortunately, Mr J misheard Barclays agent and believed that the date he needed to call back by was 23 February 2023. But when Mr J called Barclays on that date to complete the income and expenditure assessment, he was told that the formal demand had expired a few days earlier and that W's BBL had been passed to Barclays recoveries team and would now be defaulted. Mr J wasn't happy about this, so he raised a complaint on W's behalf.

Barclays responded to W but didn't feel they'd done anything wrong by moving to default W's BBL after the formal demand had expired. Mr J wasn't satisfied with Barclays' response, so he referred W's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Barclays had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Mr J 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.

It appears that Mr J had to call Barclays twice on 26 January 2023, because the first call he made was cut off and he didn't receive a call back. Barclays haven't been able to provide a recording of that first call, but they have provided a recording of the second call Mr J made, which I've listened to.

On this second call, Mr J explains that he's received the letter demanding full repayment of W's BBL, and he says that, if possible, he would like to arrange an arrears repayment plan instead. Barclays agent then explains that an income and expenditure assessment would be

required, and when Mr J asks when he needs to call back by to provide this information, Barclays agent clearly explains that the formal demand expires on 21 February 2023. And Barclays agent also clearly confirms this date later in the call.

Mr J has explained that the agent he was speaking with was Scottish and had a broad accent which he struggled to understand. But the agent Mr J spoke with on the second call wasn't Scottish and didn't have a broad accent of any type. And, as explained, having listened to the call, I feel that Barclays agent did clearly state that the formal demand expired on 21 February 2023, and not 23 February 2023.

Additionally, Mr J confirmed on the call that I've listened to that he'd received the formal demand from Barclays. And that formal demand letter clearly stated that full repayment of the BBL was required by 21 February 2023. Accordingly, if Mr J was on the understanding that he could call Barclays back by 23 February 2023, I feel that this was an unfortunate mistake for which he himself should be considered accountable and wasn't the result of any error or misinformation on the part of Barclays.

I also feel it's reasonable to question, given that Mr J was aware that Barclays may begin default proceedings on W's BBL as soon as the formal demand expired, why he didn't call Barclays back sooner with the income and expenditure information after the 26 January 2023 phone call. And this is especially the case given that on that 26 January 2023 phone call, Mr J indicated that he would call back with that information within a few days.

Finally, I'm not convinced that W would reasonably have been able to avoid the defaulting of its BBL here, even if Mr J had called Barclays back in good time. This is because W's BBL was in a position of significant arrears and had exhausted all its Pay-As-You-Grow payment deferral options. And W had also had three previous arrears repayment plans which it had failed to honour.

As such, it seems clear that Barclays had given W opportunities to clear its loan arrears and recover the position of its BBL, but that W had been unable to take those opportunities. But Barclays weren't expected to extend such opportunities to W indefinitely. And, because of the status and history of W's BBL account in early 2023, I don't feel that it would have been guaranteed that Barclays would have been willing to provide any further forbearance to W at that time, even had they received a valid request to do so before the formal demand expired.

All of which means that I don't feel that Barclays have acted unfairly here as Mr J contends, and it follows from this that I won't be upholding this complaint or instructing Barclays to take any further or alternative action. I hope that Mr J will 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 W to accept or reject my decision before 27 May 2024.

Paul Cooper
Ombudsman