

The complaint

A company, which I'll refer to as M, complains that National Westminster Bank Public Limited Company unfairly closed its Bounce Back Loan (BBL) and bank account.

What happened

M had a business bank account with NatWest, with an overdraft facility. In May 2020, M successfully applied for a £30,000 BBL.

BBLs were designed to help businesses get finance more quickly if they were adversely affected by the coronavirus outbreak. Under a government-backed scheme, lenders could provide a loan with a six-year term for up to 25% of the customer's turnover, subject to a maximum of £50,000.

At the end of July 2023, NatWest moved its management of M's accounts to the bank's Specialist Business Management team. NatWest spoke to M's director during the first two weeks of August 2023. According to the bank, the director said that M was no longer trading, and hadn't traded for two years.

Meanwhile, M had come to the end of its most recent repayment holiday on the BBL. M made a payment early in August 2023.

There were further discussions with M in August 2023. The bank told M that its notification that the company wasn't trading meant that the accounts would be moved to its recoveries department. NatWest issued a formal demand for repayment of the BBL balance. A notice of closure of the current account and a formal demand for repayment of M's overdraft were then issued. When the repayment deadlines expired, the accounts were passed to recoveries.

M complained to NatWest in September 2023, and made further complaint points in November 2023. The bank said its actions were the result of the company ceasing trading. Unhappy with the bank's response, M referred its complaint to us, saying that it would like the current account and the BBL to be reinstated so that the company could have the opportunity to repay the loan.

Our investigator looked at the evidence and didn't think NatWest had acted unfairly.

M didn't agree with the investigator's conclusion. M's representative made the following points, in summary:

- There was coercion from call handlers insisting that the business had ceased trading on technicalities.
- The formal demand letters weren't sent tracked to ensure delivery. Although it's the policy of NatWest to send letters in the regular post, the policy is not fit for purpose in this case, given the magnitude of their content. M didn't receive the letters.

- The call handlers at the bank didn't inform M of the existence of the formal demand letters even a month after they were sent.
- Opportunities were missed to enable M to take appropriate actions to ensure a more positive outcome. The bank could have offered other options to M to keep the BBL open.
- The bank's complaint handling was flawed in a number of ways and poor information was given by complaint handlers.

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 sorry to disappoint M's director, but I've reached the same conclusion as the investigator.

My starting point is that NatWest's actions followed from M saying that the company hadn't been trading for two years and had been meeting commitments only with personal contributions from the director. The bank says that in the light of this information, it was entitled to issue formal demands and ultimately to move the accounts to its recoveries department.

I've looked at the bank's records and I'm satisfied that M's director told the bank that M had ceased trading. I've also looked at M's business current account statements which tell the same story – there had been no trading income for a year, and payments in from the director had kept M's current account within its overdraft limit.

I'm satisfied that the terms and conditions of the bank account and the BBL permitted NatWest to issue formal demands for repayment and to close the accounts upon hearing that the company had ceased trading. I also think that in the circumstances, the bank's actions weren't unfair or unreasonable. M had taken payment holidays on the BBL, which were permitted under the scheme, but it meant that a debt balance of over £29,000 remained on the loan. Under the BBL scheme, there were no further payment holidays available, and M had no trading income to meet the BBL repayments.

M's representative says that NatWest could have offered other arrangements to reduce the level of repayments. But the business had no turnover to meet even a reduced level of repayments, and in those circumstances I think it wasn't unfair of the business to call in the lending.

M's representative says she and M's director were coerced into stating that the company had ceased trading on technicalities. But I've seen no supporting evidence that the bank coerced either of them. I note from the bank's records that they were asked on more than one occasion to confirm that M was no longer trading – and each time they did so. The bank statements also show the company had no money coming in from trading to meet its loan repayments or other commitments. M's representative also says M was in the long process of securing contracts and its director was injecting his own money, in the firm belief that the plans would come to fruition in mid-2024. However, I'm satisfied that in the summer and autumn of 2023, the bank had evidence that M wasn't trading and hadn't traded for some time. There was no immediate prospect that the company could meet its contractually required payments to the bank from trading income.

I'm satisfied that NatWest sent the formal demand notices in the post. M says it didn't receive them, but I don't agree with M that the bank was wrong to use the regular post to

send such notices. M says that even during its complaint, the existence of the demand letters wasn't brought to its attention until they had expired. M's representative says that, had M been aware that the notices had been sent, then the company might have been able to take appropriate action and the outcome might have been different. But I'm not persuaded that the company would have been able to meet the formal demands for repayment. M had already acknowledged that it was in difficulties and it had no trading income. Its company accounts suggest it had no significant assets. Given the size of the debt, I don't think the situation was recoverable.

In any event, during the discussions in August 2023, the bank made it clear that the company's cessation of trading would mean that formal demands would be issued and it was likely that the accounts would be transferred to recoveries. I'm not aware of any offer that M made to repay the debt.

In the circumstances I would expect the bank to have given the customer information about sources of help and advice about debt. I'm satisfied that NatWest did offer M details of services that could provide such assistance.

I appreciate that M isn't satisfied with the bank's communications about the complaint itself, but as the investigator has already explained, complaint handling isn't an activity that our service has any powers to consider. We can look at the substantive matters complained about, and that's what I've done here.

I realise that M's director will be disappointed by my decision, and I recognise the strength of his feelings about the complaint. But the overriding reason for the closure of the BBL facility and the bank account was the acknowledgement by M that it wasn't trading, and hadn't traded for over a year. This was backed up by the information in M's current account statements. Given the circumstances, I don't find that NatWest acted unfairly or unreasonably.

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 M to accept or reject my decision before 21 April 2025.

Colin Brown
Ombudsman