

The complaint

Mrs P is unhappy with several aspects of the service that she's received from National Westminster Bank Plc ("NatWest") surrounding her Bounce Back Loan ("BBL").

What happened

In August 2020, Mrs P successfully applied to NatWest for a BBL for her sole trader business. In April 2023, Mrs P received two text messages from NatWest which said that her BBL had fallen into arrears, and which asked her to contact NatWest. Mrs P checked her BBL account and the current account from which payments to the BBL were being made but couldn't see any missed payments. As such, she felt that the text messages had been sent by NatWest in error and so didn't respond to them.

A few months later, Mrs P received a letter from a debt recovery agency ("DRA") which said that her BBL debt had been transferred to it by NatWest. Mrs P was confused by this letter, and when she contacted NatWest, she was told that her BBL had been defaulted for non-payment of account arrears and that the account debt had been transferred to the DRA for recovery. Mrs P wasn't happy about this, especially as it transpired that NatWest had sent all of the formal arrears notices and letters to an incorrect address. So, she raised a complaint.

NatWest responded to Mrs P but they didn't feel that they'd done anything wrong in how they'd administered the BBL and noted that they'd sent letters to the address they held on file for Mrs P on her business profile. Mrs P wasn't satisfied with NatWest's response and noted that she wasn't aware that she had a business profile with NatWest, believing instead that her business accounts were held under her non-business (i.e. personal) customer profile. So, she referred her 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. Mrs P 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.

Mrs P feels that NatWest used the wrong address when setting up her BBL and that as a result she wasn't made aware that a payment had been missed on her BBL and that the loan had fallen into arrears.

But it was Mrs P's responsibility as the BBL account holder to have been aware of the payments that were being made to the loan, and to have therefore been aware when a payment was missed – as was the case in December 2022, March 2023, and later also in November 2023. And Mrs P's responsibility in this regard wasn't reduced or diminished if she wasn't receiving letters from NatWest advising her as such.

Upon review, it's clear that the reason that Mrs P wasn't receiving the arrears letters that

NatWest were sending her was because the BBL was sent up on her NatWest business profile and not on her personal NatWest profile as Mrs P believed was the case. And while Mrs P had updated her address to her current address on her personal NatWest profile, she hadn't done so on her business profile. And this meant that when NatWest sent the letters to the address that they held for Mrs P on her business profile, they were sending the letters to an address that Mrs P had left several years previously.

Mrs P might ask why NatWest didn't automatically update her business profile address when she updated her address on her personal profile, or why she was able to receive statements for her business accounts to her correct address.

But NatWest have confirmed that it's possible to update the statement address for an account separately to updating the registered profile address, so that statements for an account can be received to any address. And NatWest have also confirmed that they don't automatically change a business address when a personal address is updated, or vice versa, because business and personal profiles are separate entities which can be based at different addresses. And NatWest's explanations in these regards seem reasonable to me.

Mrs P has also said that she didn't apply for the BBL via her business profile, but did so via her personal profile, and notes that she supplied her correct address on the BBL application and that therefore the BBL should have been set up and registered to that address.

But the unique circumstances surrounding the creation of the BBL scheme – namely, the emergence of the Covid-19 pandemic – meant that banks such as NatWest were expected to process applications quickly and so weren't expected to cross-reference all the information provided in an application.

NatWest have confirmed that their BBL application process involved assigning applications to any NatWest business profiles which might already exist for the applicant. This is what NatWest did in this instance. And unfortunately, because Mrs P hadn't updated her address on her NatWest business profile – which NatWest have confirmed has been in existence since 2015 – this meant that Mrs P didn't receive the letters that NatWest sent to the address on Mrs P's business profile.

Of course, this is unfortunate for Mrs P, but I don't feel that it constitutes an unfair act by NatWest. And I reiterate the point that I made earlier in this letter that it was Mrs P's responsibility to have monitored her BBL and to have been aware of the missed loan payments regardless of whether she was receiving any notifications of any kind from NatWest. And I also don't feel that NatWest can fairly or reasonably be held accountable if Mrs P forgot, as she appears to have done, that she held a business profile with NatWest.

Furthermore, NatWest sent two text messages to Mrs P in April 2023 which advised Mrs P that her BBL was in arrears, and which asked Mrs P to get in touch with them. And Mrs P has confirmed that she received those text messages but that she felt that these must have been sent by NatWest in error and so didn't contact NatWest as requested.

Upon consideration, I don't feel it was reasonable for Mrs P to have not contacted NatWest upon the receipt of those text messages. And I feel that any suspicion that Mrs P held that the text messages might be an error should reasonably have been dispelled by the receipt of the second text message, which was received by Mrs P nearly two weeks after the first.

As such, I feel that by choosing to not contact NatWest after receiving the text messages, that Mrs P missed the opportunity to resolve this position of her BBL before it was defaulted. And I also don't feel that Mrs P's explanation that she checked her BBL payments but couldn't see any missing payments to be a reasonable one, given that the payment in

December 2022 and March 2023 (the month immediately before the text messages) hadn't been made.

It also must be noted that NatWest sent arrears correspondence to Mrs P via email. Mrs P has confirmed that she received those emails, but that they were filtered into her email spam folder by her email provider. Again, this is unfortunate for Mrs P, but I don't feel that Mrs P's not being aware of these emails can fairly be considered as being the result of any unfair act by NatWest.

Ultimately, Mrs P didn't make the payments that were required of her as per the BBL agreement, such that her loan fell into arrears. And, as explained previously, I'm satisfied that it was Mrs P's responsibility to have been aware of this.

I'm also satisfied that it wasn't unreasonable for NatWest to have set up the BBL on Mrs P's business profile as they did. And while I accept that it was unfortunate for Mrs P that she hadn't updated her address on her NatWest business profile, I don't feel that Mrs P not keeping her business profile address up to date was any fault of NatWest's. And I also don't feel that NatWest were at fault for Mrs P not being aware of the emails they sent to her, or for Mrs P not responding to the text messages she received from them.

It therefore follows that I don't feel that NatWest have acted unfairly here as Mrs P contends. This is because I don't feel that NatWest have acted unfairly in how they've administered Mrs P's BBL, including that the BBL was defaulted and passed to a DRA. And I note that NatWest transferring the account debt to a DRA is permitted by the terms of the BBL, which Mrs P agreed to when she accepted the loan.

All of which means that I won't be upholding this complaint or instructing NatWest to take any further or alternative action here. I realise this won't be the outcome Mrs P was wanting. But I hope that she will understand, given all that 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 Mrs P to accept or reject my decision before 5 November 2024.

Paul Cooper
Ombudsman