

The complaint

Mr R is unhappy with the service he's received from Metro Bank PLC surrounding his Bounce Back Loan ("BBL"), including that Metro defaulted the loan for non-payment.

What happened

Mr R successfully applied to Metro for a BBL in December 2020. Mr R was making payments to the BBL in line with the payment schedule, but the October and November 2023 payments were then missed. Mr R tried to make some arrears payments in December 2023, but these payments were unsuccessful, and the scheduled loan payment for that month also went unpaid.

Because of the unresolved arrears on the BBL, Metro issued a default notice to Mr R in January 2023. And when Mr R didn't resolve the position of the loan before the deadline given on the default notice for him to do so expired, Metro defaulted his BBL and reported it as such to the credit reference agencies.

Mr R wasn't happy about what had happened, especially as he hadn't received arrears letters from Metro because they hadn't updated his address correctly following his request for them to do so. And Mr R was also unhappy because he believed the arrears payments he'd tried to make in December 2023 had processed successfully. So, he raised a complaint.

Metro responded to Mr R and said that they didn't feel they'd acted unreasonably by defaulting his account because of the unresolved arrears. And Metro also confirmed that they had no record of Mr R asking them to update his address as he claimed. Mr R wasn't satisfied with Metro's response, so he referred his complaint to this service.

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

When Mr R accepted the BBL in December 2020, he agreed to make monthly payments towards the loan in accordance with the BBL agreement. But in October, November, and December 2023, Mr R didn't do this. And this was because Mr R didn't ensure that there were sufficient funds present in the account from which the BBL payments were being made to make the BBL payments for the months that I've listed.

Mr R has said that he tried to make payments in December 2023 to clear the arrears that had accrued on the loan at that time. And Mr R has said that he was told by Metro's payment portal that those payments had been successful, meaning that he was of the reasonable belief that his BBL was no longer in arrears.

But Metro have provided screenshots of the information that Mr R would have seen when attempting to make the arrears payments in December 2023. Upon consideration of that information, I don't feel that it was reasonable for Mr R to have believed that those payments had been confirmed as being completed at that time.

Additionally, the arrears payments that Mr R tried to make weren't successful because there wasn't sufficient money in the account from which the payments were being made from for them to be successful. I feel that Mr R should have reasonably been aware of this. And by the same reasoning, I also feel that Mr R should have been aware that there wasn't sufficient money for the three scheduled monthly BBL payments to be taken.

Mr R has also said that he didn't receive arrears notices that Metro sent him because Metro hadn't updated his address as he'd previously requested them to. But if Mr R had asked Metro to update his address, then I feel that there would be some record of this on Metro's systems, which there is not. And I also feel that Mr R could and reasonably should have chased Metro about the fact that his address remained incorrect if that were the case. But again, Metro have no record of Mr R advising them that a previous address change request hadn't been actioned by them.

In consideration of these points, I feel that if Mr R wasn't receiving the letters that Metro were sending to him, then I feel that the most likely reason for this is that Mr R hadn't ensured that his address was correctly updated with Metro.

It also must be noted that Metro sent arrears notices to Mr R by both text message and by email, as well as by posted letter. And the fact that Mr R attempted payments in December 2023 to clear the arrears present on the BBL at that time confirms that he was aware that payments had been missed on his loan.

Furthermore, I can only reiterate that it was Mr R's responsibility as the loan account holder to have ensured that payments were made to the BBL in accordance with the loan agreement. And this responsibility isn't reduced or diminished if Mr R doesn't receive, or isn't aware of, arrears notices that Metro sent to him.

The Information Commissioner's Office ("ICO") issues guidance on when a credit provider such as Metro should consider defaulting a loan account for the non-payment of account arrears. This guidance includes that a credit provider should generally provide a notice to an account holder that their account may be defaulted when that account has fallen into around three months of arrears. This is what Metro did on this occasion. And given that Metro have acted in accordance with industry guidance surrounding the defaulting of accounts, I don't feel that it can reasonably be said that Metro have acted unfairly toward Mr R in this regard.

Ultimately, Mr R didn't make three consecutive monthly payments that were due on his BBL. And he also didn't clear the arrears that had accrued on the loan within the timeframe given on the default notice for him to do so. And because of this, I don't feel that Metro have acted unfairly by following the arrears process that they did, including that they defaulted Mr R's BBL for non-payment of accrued arrears.

I realise this won't be the outcome Mr R was wanting, but it follows that I don't feel that Metro have acted unfairly as he contends and that therefore I won't be upholding this complaint or instructing Metro to take any further or alternative action. I hope that Mr R 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 Mr R to accept or reject my decision before 5 November 2024.

Paul Cooper
Ombudsman