

The complaint

Mr B complains that TSB Bank plc terminated his Bounce Back Loan (BBL) and didn't agree to a repayment plan, then passed the collection of the debt to an agency.

What happened

Mr B runs a business and in May 2020, he successfully applied for a £50,000 BBL from TSB.

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.

Seven consecutive BBL payments were missed between June and December 2023. A formal demand for repayment of the BBL was issued in August 2023. By December 2023, arrears on the account reached £4,190.

During this time, Mr B contacted the bank to propose a repayment plan. He made an offer by email to repay the arrears at £100 a month. Attempts were made to discuss the matter by phone, but those calls were unsuccessful or were cut short. When TSB eventually considered Mr B's offer, the bank declined it.

TSB passed the BBL debt to its recoveries department in December 2023. The collection of the debt was then passed to an agency.

When Mr B complained, TSB said it had acted in line with the terms and conditions of the BBL agreement and that any payment plan offers needed to be discussed over the phone with its Arrears Management Team.

Unhappy with TSB's response, Mr B referred his complaint to us, saying that he wants a repayment plan to be agreed.

TSB offered to pay £100 to Mr B in acknowledgement of any service failings in its complaint handling, in order to settle the complaint. Mr B declined this offer.

Our investigator concluded that TSB hadn't acted unfairly or unreasonably when it terminated the BBL and passed the debt to its recoveries department and to a collection agency. He gave the following reasons, in summary:

- Mr B missed three BBL payments in June, July and August 2023. The terms of the loan agreement allowed TSB to cancel the loan facility in those circumstances. The formal demand for repayment was issued as a result of a breach in the terms of the BBL agreement.
- The terms and conditions also allowed TSB to set off any amount Mr B held in other accounts against the amount owed. So the investigator didn't think TSB did anything

wrong in using the funds in Mr B's current account to settle part of the BBL debt.

- Mr B originally submitted his repayment offer in a medium that TSB hadn't advised him to use. The bank's process is to receive and assess payment offers over the phone.
- The bank was under no obligation to accept a payment plan offer. When the bank considered Mr B's offer of £100 a month, the account was in arrears of about £2,400 and at the same time Mr B's credit card had been defaulted. The investigator didn't think it was unreasonable of the bank not to accept Mr B's offer.
- After a BBL is defaulted and passed to a collection agency, an income and expenditure review would need to be completed to assess what is affordable. An affordable payment plan would need to be agreed with the collection agency.

Mr B disagreed with the investigator's conclusions, so the case has been passed to me for a 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.

I'm sorry to disappoint Mr B but I've reached the same conclusions as the investigator and for largely the same reasons.

I'm satisfied that between June and December 2023 the bank issued the correct notices about the BBL arrears, attempted to engage with Mr B about the missed payments, and acted reasonably and in line with the BBL terms and conditions when it defaulted the BBL then passed the account to its recoveries department.

The capital repayment holiday options were fully utilised on Mr B's BBL, so by mid-2023, little or none of £50,000 loan capital had been repaid. As three contractual payments were then missed, I don't think it was unreasonable for the bank to issue a formal repayment demand in August 2023 in line with the BBL terms and conditions.

TSB had attempted to contact Mr B about the arrears six times before the formal demand and three times after it, each time leaving voicemails asking him to call back. Mr B called the bank on 7 September 2023 and there was a discussion about the BBL and the debt. The call didn't go well, and the two parties give different accounts of what happened. The bank hasn't been able to give us a recording of the call. I therefore haven't been able to reach any conclusion about behaviour on either side during the call.

During the period of arrears notifications, Mr B sent emails offering £100 a month, but a bank representative responded in July 2023 to say that Mr B needed to call and speak to someone in the Arrears Management Team. A member of the Arrears Management Team called Mr B on 11 September, but that call ended early without any substantive discussion of the loan or debt. I've listened to a recording of the call and in my view, it wasn't the bank's fault that the call ended early.

Payments continued to be missed and I don't think it was unreasonable for the bank to move the account to its recoveries department in December 2023 and then to a collection agency. Considering the size of the loan debt, the level of the arrears and the additional default on

Mr B's credit card account, I don't think it was unreasonable for the bank to decide that £100 per month offer wasn't sufficient to keep the BBL account open. Even if TSB had considered the £100 offer earlier, when Mr B made the proposal by email, I believe the outcome would have been the same. The bank has also pointed out that in the absence of details about the financial situation of Mr B's business, which it had been unable to obtain from Mr B, it couldn't have been sure that the repayment offer was affordable.

For the above reasons, I conclude that TBS's actions regarding the closure of the BBL weren't unfair or unreasonable.

To pursue the possibility of an affordable repayment plan for the debt, Mr B will need to enter discussions with the debt collection agency.

If Mr B wishes to discuss the bank's offer of £100 for service failings in its complaint processes, he should take it up direct with TSB.

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 Mr B to accept or reject my decision before 25 February 2025.

Colin Brown
Ombudsman