

The complaint

A sole trader, who I'll refer to as Mr A, complains that Barclays Bank UK PLC should not have given him a bounce back loan ("BBL"), as he couldn't afford to repay it. He also complains that the bank is incorrectly holding him personally liable, since the loan should be in the name of a limited company.

What happened

On 23 March 2020, a limited company, which I'll call O, was incorporated. Mr A was the sole director and majority shareholder.

In May 2020, Barclays received a BBL application for £4,903. The application gave Mr A's name but also the registration number of O.

The first repayment was due on the BBL in June 2021, but was missed. Further payments were missed in early 2022. The bank issued a notice of default in September 2022.

O was voluntarily dissolved on 5 April 2022.

Mr A complained in 2024. Barclays didn't uphold the complaint, as they said the application was self-assessed and they hadn't made an error by putting it in his personal name.

One of our investigators looked into what had happened, but didn't recommend the complaint be upheld. Mr A disagreed and asked for an ombudsman's 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.

Having done so, I have reached the same conclusion as our investigator, for essentially the same reasons. I know this will be a disappointment to Mr A, so I will explain why below.

BBLs were established by the Government to provide rapid support for businesses impacted by the pandemic. Because of the need to deliver the funds at pace, lenders were not expected – or indeed permitted - to carry out any of the usual checks on lending. Instead, applicants had to self-certify that they were eligible to apply under the terms of the scheme.

I am sorry to hear that Mr A is now in financial difficulty. I know he feels that the BBL was never affordable to him and that the bank should therefore have declined his application. But I'm afraid that the nature of the scheme was that banks did not have to check affordability. Instead, in the application, applicants had to confirm that "I/We have reviewed and understood the costs associated with repayment of the loan, that is, the principal and interest and repayment of capital during the period beginning from the second year of the loan until its expiry five years later. I/We confirm that I am/we are able and intend to complete timely repayments in future".

In addition, I note that Mr A says that he did not intend to apply as a sole trader anyway, but on behalf of O. If that is the case, his personal financial circumstances would not have been relevant. He has also said that at the time of his application, “my hopes on returning to trading... were still reasonably high” so I don’t think the bank could have known the loan was unaffordable even if they had been expected to check.

Our investigator was correct in saying that one of the primary eligibility requirements of the BBL scheme was that businesses had to be established on or before 1 March 2020. This means that O was never eligible for a BBL because it wasn’t incorporated until 23 March 2020.

I know that Mr A has argued that Barclays should have alerted him to the fact that O wasn’t incorporated in time – and that he assumed that the application would be rejected if it didn’t comply with the rules. But as I’ve already explained, because the scheme was self-certified, I’m afraid the responsibility fell to Mr A to confirm the business was eligible. This was set out in Section 5 of the BBL application, which comprised a series of declarations that the borrower (or its representative) had to make. The first of these was “I/We confirm that my/our business was carrying on its business on 1 March 2020”.

In Mr A’s case, O wasn’t eligible for a BBL because of its incorporation date - but Mr A was eligible. He had been trading as a sole trader prior to 1 March 2020 and as far as I can see, met the other criteria. This brings me to my next point, which is that I don’t consider Mr A made the identity of the intended borrower clear when he completed the application form.

Mr A has said that he applied for the BBL on behalf of his limited company. But I cannot see that he gave the name of the limited company, which was completely different from his own name, at any point. The applicant was listed as “Mr A business account”, the address given was not O’s registered address and in the “Borrower’s signature” section, Mr A gave his position as “sole trader”. He also gave the bank account details of his existing sole trader account.

The sole indication that Mr A intended the application to be from O was the inclusion of O’s registered company number. My conclusion is that this was not enough, given that all the other information pointed to it being a sole trader application, to have alerted the bank to an anomaly. It follows that I don’t think Mr A’s characterisation of what happened as Barclays rejecting O’s application without telling him and transferring it to his name is fair. For the reasons I’ve explained, I don’t think it was ever clear that he intended to apply on behalf of O. I therefore don’t consider the bank made an error by producing a loan agreement in the name of Mr A.

I realise that Mr A has been left in a difficult position, with a loan he can’t afford. But for the reasons I have explained, I don’t think there is any reasonable basis for concluding Barclays has made an error here.

My final decision

For the reasons set out above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr A to accept or reject my decision before 29 April 2025.

Louise Bardell
Ombudsman