

The complaint

A limited company, which I'll refer to as B, is unhappy with how Santander UK Plc have administered its Bounce Back Loan ("BBL").

B's complaint is brought to this service by its director, whom I'll refer to as 'Mr D'.

What happened

B has a BBL with Santander with an outstanding balance of £22,710.45. In May 2023, Mr D notified Santander that B had ceased trading and would be dissolved. Mr D also explained that because of this, B wouldn't be able to make any further payments towards its BBL.

As a result of the non-payment of the BBL, Santander defaulted B's loan in October 2023. Santander then sent a letter to B in November 2023 which stated:

"Thank you for returning your loan funds of £0. We're pleased to let you know that we've cancelled your loan".

Mr D took this letter as confirmation that Santander had written off B's BBL balance. However, a few months later, in February 2024, B received another letter from Santander which said that the November 2023 letter had been issued in error and that B still owed the outstanding BBL balance of £22,710.45 to Santander.

Mr D wasn't happy about this, and he felt that Santander should have written off B's BBL, given that B had ceased trading and had no prospect of repaying the loan. And he also wasn't happy that Santander had raised an objection to B's planned dissolution with Companies House which prevented B from being dissolved. So, he raised a complaint on B's behalf.

Santander responded to B but didn't feel that they'd done anything wrong by continuing to consider B accountable for the outstanding BBL balance. Mr D wasn't satisfied with Santander's response, so he referred B's complaint to this service.

One of our investigators looked at this complaint. They didn't feel that Santander were acting unfairly by administering B's BBL as they were. But they did feel that the November 2023 letter which had misinformed B about the status of its BBL had caused B as a business some inconvenience, and they recommended that Santander should pay B £100 compensation because of this.

Santander accepted the recommendation put forward by our investigators, but Mr D did not. Accordingly, 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.

Having done so, I'm satisfied that the letter that Santander sent to B in November 2023,

which suggested that B's BBL balance had been written off, was a mistake. And Santander have confirmed this fact in their correction letter, sent to B in March 2024, which confirmed that B's BBL balance of £22,710.45 remained outstanding.

Mr D feels that Santander should write off B's BBL balance, given that B is no longer trading, and he cites the BBL Guarantee in his argument as to why B's BBL balance should be written off. Mr D is also unhappy that Santander have raised an objection with Companies House which is currently preventing B from being dissolved.

However, the BBL Guarantee is a guarantee provided to BBL lenders, such as Santander, by the British Business Bank ("BBB") who oversee the BBL scheme. Importantly, the BBL Guarantee applies solely to lenders, and doesn't apply in any way to borrowers, such as B.

Furthermore, for a lender such as Santander to successfully reclaim money from the BBB that a BBL borrower hasn't been able to repay via the BBL Guarantee, Santander must satisfy the BBB that it has exhausted all possible avenues of recovering the outstanding BBL balance from the borrower. And the BBB will raise an objection with Companies House to prevent the dissolution of any company that has an outstanding BBL balance until it is satisfied that that company can't repay or at least partially repay its BBL balance.

What this means in this instance is that for Santander to be able to reclaim the money it lent to B as a BBL, it has to convince the BBB that it has exhausted all possible ways of recovering some or all of the outstanding BBL balance from B. And this is why Santander require Mr D, as B's director, to engage with them and complete their recoveries process so that they can either arrange the recovery of the BBL balance from B or be able to convince the BBB that no recovery is possible, so that the BBL Guarantee can apply.

Santander's actions in this regard don't seem unreasonable to me. And because of this, I won't be upholding this complaint against Santander. Instead, I encourage Mr D as B's director to engage with Santander as per Santander's requirements. And until he does so, I don't consider it unfair that Santander still consider B to be accountable for the outstanding BBL balance.

Additionally, as explained above, it is the BBB, and not Santander, that have raised the objection to B's dissolution that Mr D is unhappy with. And I feel that it's fair that Mr D, acting as director of B, should be expected to prove to Santander's satisfaction that no recovery of the outstanding balance from B is recoverable before Santander recommend to the BBB that the objection to B being dissolved is withdrawn.

It must be remembered that when B applied for the BBL during the Covid-19 pandemic, it benefited from a unique, streamlined application process that was designed to provide money to businesses in need quickly and which didn't have the same lending requirements as usual business loans. And, ultimately, I feel that it's a fair consequence of B being able to obtain its BBL in that manner that B must now prove to Santander's satisfaction that it no longer has any capacity or opportunity to repay any more of the BBL funds that it still owes.

In their correspondence with this service, Santander have accepted that the November 2023 letter, which gave Mr D an incorrect understanding that B's BBL balance had been written off, caused some inconvenience for B as a business. And Santander have accepted the recommendation put forward by our investigator to pay £100 to B as compensation for that inconvenience. This seems reasonable to me, and I don't feel that Santander should be fairly instructed to take any further action in this regard.

Finally, Mr D is unhappy with the worry and frustration that this matter has caused him personally, including that he feels that Santander have pursued him personally for the

money owed by B.

But the rules by which this service must abide, which can be found in the Dispute Resolution (“DISP”) section of the Financial Conduct Authority (“FCA”) Handbook, include that this service can only consider points of complaint brought by an eligible complainant. And one of the criteria to be an eligible complainant is that a complaint must arise from the accounts of the eligible complainant.

This means that in this instance, the eligible complainant here is B, the business, because the complaint arises from how Santander have handled B’s BBL.

Because of this, I’m unable to consider any impact of what’s happened here on Mr D in a personal capacity, because Mr D as a person is not the eligible complainant here. And while B, the business, can be inconvenienced (which as per the above, I’ve agreed that B should be compensated for), it can’t be worried or distressed, because a company is only a legal entity and doesn’t have feelings or emotions like an individual.

Furthermore, having reviewed all correspondence issued by Santander to Mr D that’s been provided to this service, I’m satisfied that all that correspondence references B’s BBL, and that therefore Santander have been solely referring to Mr D in his capacity as B’s director.

All of which means that I don’t feel that Santander have acted unfairly towards B in how they’ve administered B’s BBL as Mr D contends. And so, while I will be upholding this complaint in B’s favour, I’ll only be doing so to instruct Santander to pay the £100 to B that they’ve already agreed to pay, and I won’t be issuing any further or alternative instructions to Santander beyond this.

I realise this won’t be the outcome Mr D was wanting. But I can only reiterate my encouragement to Mr D to engage with Santander as per Santander’s requirements, and I trust that he understands, given all that I’ve explained, why I’ve made the final decision that I have.

Putting things right

Santander must pay £100 to B.

My final decision

My final decision is that I uphold this complaint against Santander UK Plc on the basis explained above.

Under the rules of the Financial Ombudsman Service, I’m required to ask B to accept or reject my decision before 25 November 2024.

Paul Cooper
Ombudsman