

The complaint

A limited company, which I'll refer to as P, complains that National Westminster Bank Plc has unfairly declined to change the monthly repayment date of its bounce back loan ("BBL").

What happened

P successfully applied for a £20,000 BBL, which was drawn down on 22 May 2020. Repayments were due to start on 22 June 2021, although P then made use of the various Pay As You Grow ("PAYG") repayment holidays built into the scheme to delay this.

In May 2024, P's director complained, amongst other things, that NatWest had failed to send him a reminder that P's last repayment holiday had ended and a full loan repayment was due on 22 May 2024. He also complained that the bank wouldn't change the regular repayment date from the 22nd of the month to the 24th.

NatWest said there was no process in place to change the due date of a BBL and the bank was not obliged to send reminders. It did uphold some other parts of P's complaint and awarded P £100 in compensation. As a goodwill gesture, the bank also agreed to refund unpaid item fees totalling £24 incurred by P in May and June 2024 and to waive a further £12 fee for July 2024. These fees had been charged because P's loan payment was made late. NatWest declined to make any further concessions beyond this point.

P's director referred P's complaint to the Financial Ombudsman. One of our investigators looked into what had happened, but did not recommend the complaint be upheld.

P's director said he was extremely disappointed 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'm sorry to disappoint P's director, but I've reached the same conclusion as the investigator, for essentially the same reasons.

The central issue here is whether it's fair for the bank to decline to amend the monthly repayment date for P's BBL. My starting point for considering this point is the contract signed by the parties, that is, the loan agreement. This said:

"Unless an alternative date is agreed, the first instalment is due one month after the date on which the Repayment Holiday ends and the final instalment is due on the Final Repayment Date".

Whilst this doesn't definitively rule out an agreement being reached for an alternative date, it makes it clear, in my view, that the bank is not obliged to agree to a change. The default position is clearly set out, which is that the repayment date is dictated by the drawdown date.

In addition to this, the agreement sets out the bank's obligations in relation to the loan and

refers to the relevant part of its website for further information. The part of NatWest's website to which the loan agreement refers sets out some frequently asked questions, including "Can I amend the date of my monthly repayments?". The answer given is "The date of your monthly repayment cannot be changed. This must remain in line with the date originally set". This, in my view, puts the bank's position beyond doubt.

I can see why P's director feels this is an inflexible approach. It's true that in some other lending products, it would be possible to set or alter the monthly repayment date. But BBLs are not a standard type of loan. They were created by the British Business Bank to meet an unprecedented need. They were also designed with PAYG options built in, which make them a lot more flexible than most loans. With this in mind, I'm not persuaded it would be reasonable to expect a bank to show additional flexibility not specified by the scheme in the form of a date change.

Neither do I think it would be reasonable to expect NatWest to refund the unpaid item fee each month on an ongoing basis. P's director signed a contract binding P to make loan repayments on the date specified. The bank, as I've said, is under no obligation to change the date and has declined to do so. I consider P is therefore obliged to fulfil the terms of the contract, or pay the charges incurred because it has failed to do so.

P's director also complained that the bank didn't send a reminder that a repayment was due in May 2024.

When P's director signed each PAYG agreement, it set out clearly when the next repayment would be. For example, the most recent PAYG agreement said:

"After your Capital repayment holiday ends...:

You will still need to make 37 monthly repayments

Your next repayment date will be 22/05/2024

Your final repayment date will be 22/05/2027"

In deciding this complaint, I have carefully considered the Lender Manual for BBLs written by the British Business Bank. This document defines lenders' obligations under the scheme in some detail. It sets out, for example, that certain reminders must be sent at certain times. However, it does not require a reminder to be sent when a PAYG option comes to the end. Given this, the clear PAYG agreement mentioned above, and the absence of anything in the loan agreement saying a reminder would be sent, I don't think I can reasonably say the bank has made an error by not reminding P that its final repayment holiday was ending.

In summary, having signed the agreement accepting its terms, I see no reason why P shouldn't be bound by them. I therefore do not find NatWest at fault for requiring P to adhere to those terms and conditions.

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 P to accept or reject my decision before 1 July 2025.

Louise Bardell

Ombudsman