

## The complaint

A limited company, which I'll refer to as 'S', is unhappy that National Westminster Bank Plc ("NatWest") didn't take the monthly payments for its Bounce Back Loan ("BBL") and later defaulted the account for non-payment.

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

## What happened

In June 2020, S successfully applied to NatWest for a £15,000 BBL, and it received the loan funds that same month. Later that same year, in November 2020, S successfully applied for a BBL top up of £3,500, taking S's total BBL borrowing to £18,500.

S's liability to begin making monthly payments towards the BBL began in July 2021, and S set up a standing order to make the £328.33 monthly payments. S made the required monthly payments by standing order for July, August, September, and October 2021, and then took a six-month Pay As You Grow ("PAYG") payment holiday which meant that S wasn't required to make a monthly payment again until May 2022.

S resumed making monthly payments in May 2022 by standing order, but then took a series of further PAYG payment holidays which meant that its obligation to resume making monthly payments to the BBL didn't start again until January 2024. However, S didn't make any payment towards the BBL in January or February 2024 and so its BBL fell into arrears.

In early-March 2024, S agreed to extend the repayment term of its BBL from 60 to 120 months and NatWest agreed to incorporate the arrears that had accrued on the BBL back into the loan amount. This restructuring of the loan meant that S was no longer considered to be in arrears and was required to make payments of £247.86 per month beginning in mid-March 2024.

Mr G was expecting NatWest to take the agreed monthly BBL payment in March 2024, but NatWest didn't do so. And NatWest also didn't take the BBL payments for April and May 2024, despite Mr G contacting them and asking them to do so.

Mr G wasn't happy about this, and he wasn't happy that NatWest considered S to have fallen three months into arrears on its BBL, because NatWest hadn't taken the monthly payments that had been available for it to take. So, he raised a complaint on S's behalf.

NatWest responded to Mr G and explained that it had been his responsibility, as director of S, to have arranged for the BBL payments to have been made, and that this had been explained to him when he arranged the loan term extension. Because of this, NatWest didn't feel that they'd done anything wrong regarding how they'd administered S's BBL, including that they had since moved to default the loan for non-payment. Mr G wasn't happy with NatWest's response, so he referred S's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that NatWest had acted unfairly towards S as Mr G contended and so didn't uphold the complaint. Mr G 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.

In his correspondence with this service, Mr G has made repeated references to S's BBL payments being paid by direct debit. But I've reviewed the history of the BBL account, and having done so I'm satisfied that it was never the case that S paid its monthly BBL payments by direct debit. Instead, S has always paid its monthly BBL payments by standing order.

If Mr G was assuming that NatWest would 'resume' taking S's BBL payments by direct debit in March 2024, then I'm satisfied that it was unfortunately the case that Mr G was operating based on an incorrect assumption. And, as explained above, this is because S has never had a direct debit in place to make its BBL payments, which consequently means that NatWest could never resume that direct debit, because it never existed to be resumed.

Because S was making its BBL payments by standing order, this means that it was the responsibility of Mr G, as S's director, to have reset the standing order and to have ensured that S made the BBL payments starting in March 2024. But Mr G didn't do this. And he didn't set up a direct debit with NatWest to make the monthly BBL payments for S either. And in consideration of these points, I'm satisfied that the responsibility for the fact that S didn't make the contractually required monthly BBL payments resides solely with S.

I also feel that the fact that S needed to act to make the BBL payments, and that NatWest wouldn't simply 'take' them, should have been apparent to Mr G following the end of the final PAYG payment holiday in December 2023, when S was required to begin making BBL payments in January 2024. At that time, S's BBL fell into arrears for seemingly the same reason as Mr G is unhappy about here – that NatWest didn't take BBL the payments, because there had never been a direct debit in place on the account.

Additionally, NatWest have demonstrated to my satisfaction that when Mr G arranged the last PAYG payment holiday in June 2023 and when he arranged the restructuring of S's BBL in March 2024, that on both instances NatWest confirmed to Mr G that he would need to arrange for the resuming monthly BBL payments to be paid himself. This is as per the following statement that was issued to Mr G in both instances:

*"We can't amend your regular payment as we can't find a regular loan repayment that we set up automatically on an account held with us (for example, you may have set up your regular loan repayment with another bank) You will need to update your regular repayment to the new amount and next repayment date shown above."*

Furthermore, in both instances, this statement was placed immediately above a tick-box, which Mr G ticked on both occasions. This tick-box confirmed that Mr G had read the important information regarding the payment holiday and term extension, which included the fact that Mr G would need to arrange for the upcoming monthly payments to be made.

Finally, when Mr G noticed that the March 2024 payment hadn't been taken as he was expecting, I feel it's only reasonable to ask why Mr G didn't simply make the payment at that time? I ask this question because, ultimately, it was S's responsibility to make the monthly BBL payments. And if the payment hadn't been made, then it stands to reason that the money to make the payment would have been available in S's business current account to make the payment himself.

Mr G has also said that NatWest were preventing him from making a payment to S's BBL account. But I'm satisfied that this wasn't the case, and that Mr G could have instructed a payment from S's business current account to the BBL account at any time.

All of which means that I don't feel that NatWest have acted unfairly towards S here as Mr G contends. This is because there never was a direct debit set up to make S's monthly BBL payments, which were always made by standing order – a payment method for which the account holder (in this case, S) is responsible for setting up and maintaining.

It's also because I'm satisfied that it should have been apparent to Mr G that he needed to arrange for the BBL payments to be made himself. And given that this point was confirmed to Mr G by NatWest when Mr G accepted the BBL restructuring, If Mr G wasn't aware that he needed to ensure that the monthly payments needed to be made, then I feel that it's Mr G himself who should fairly be considered accountable for his mistake in this regard.

It's my understanding that S missed three monthly BBL payments for the months of March, April, and May 2024 and didn't act to clear the three months of arrears that had accrued on the BBL because of those missed payments. It's also my understanding that NatWest have since moved to default S's BBL because of these prolonged arrears and Mr G's refusal to resolve them.

This doesn't feel unreasonable to me, given that it's my decision here that NatWest haven't acted unfairly in how they've administered S's account, and given that Mr G appears to have been operating on the basis of incorrect assumptions for which I'm satisfied NatWest bear no responsibility. And so, I won't be instructing NatWest to take any form of alternative action here regarding S's BBL account.

I appreciate that this won't be the outcome that Mr G was wanting, but I confirm that my final decision is that I do not uphold this complaint. I trust that Mr G 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 S to accept or reject my decision before 2 April 2025.

Paul Cooper  
**Ombudsman**