

The complaint

A limited company, which I'll refer to as V, complains that Barclays Bank UK PLC took unfair recovery action, including the closure of its current account.

V is represented by its director, Mr K.

What happened

V was a long-standing customer of Barclays and took out a £3,100 bounce back loan ("BBL") in 2020.

V has been in financial difficulty since 2021, largely due to the ill health of its sole director.

In late 2023, V agreed a repayment plan for its BBL arrears with the bank. V was a day late in providing its January funds, causing the plan to fail. When Mr K got in touch with Barclays, the bank agreed to reset the plan, but V then missed the February instalment so the plan failed again.

In May 2024, with the BBL several repayments in arrears and an overdrawn current account, the bank wrote to V formally demanding repayment of both debts in full.

In June 2024, Barclays transferred the debts to its recoveries department and V therefore lost access to its current account. V's accounts have since been transferred to the bank's debt collection agents.

V made a complaint in early 2024. Barclays replied in April 2024, but did not uphold the complaint. V said it did not receive the response until July 2024, at which point it referred the matter to the Financial Ombudsman.

One of our investigators looked into what had happened but did not recommend upholding the complaint. She didn't think Barclays had made an error and thought that default and recovery was the best way forward in this case, to allow Mr K to concentrate on his health. She pointed out that the outstanding amounts were debts of the company and Mr K had no personal liability.

Mr K on behalf of V asked for an ombudsman to issue a decision. He said that the closure of V's current account was draconian and had impeded V from operating. He felt that Barclays had made things difficult at every turn.

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've reached the same conclusion as our investigator. I have little to add to her conclusions.

I am sorry to hear Mr K has been through a prolonged period of ill health, which has

prevented him from operating his business as he'd have liked. But whilst the bank's service may not always have been perfect, I don't think they have treated V unfairly, given that V has clearly had difficulty in fulfilling its obligations for some time.

Mr K's primary concern appears to be the closure of V's business account. I'm afraid this is a standard part of banks' recovery processes, where arrears have built up and a customer has been unable to clear those arrears. It is usually the case in these circumstances that banks transfer the whole of their business relationship with a customer to their recovery's functions, which means that customers lose access to their business current account as well. Barclays have simply followed their usual approach here and I don't consider that approach is unfair.

I know Mr K feels that the bank has made things very difficult for him. But I haven't seen any evidence that they haven't treated him fairly. I can see that the bank have taken account of Mr K's vulnerability due to his poor health and V's accounts have therefore been handled by a specialist team, which is what I would expect to see. I can also see that Barclays have shown forbearance and allowed V plenty of time to get things back in order. And the evidence shows that when V missed a payment on a repayment plan by one day, the bank reset the plan and gave V a second chance, which would not be part of their process generally.

As our investigator explained, the outstanding BBL and overdraft are limited company debts and Mr K has no personal liability for them. I know Mr K has made some payments towards V's debts from his personal account in the past. I consider this was his choice as I can't see any evidence that the bank pressured him into doing this or misled him about his liability.

I am aware that Mr K is concerned about the involvement of debt collection agents. But this is also a normal stage in banks' recovery processes and the agents should still be aware of his vulnerabilities as well as the fact that these are company liabilities. The bank and its agents are entitled to write to him as the representative of V to seek repayment. Indeed, banks are obliged to ensure they have thoroughly explored a company's ability to repay before they can submit a claim under the Government's BBL guarantee.

My final decision

For the reasons set out above, I do not require Barclays Bank UK PLC to take any action to address this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask V to accept or reject my decision before 27 February 2025.

Louise Bardell

Ombudsman