

The complaint

A limited company, which I'll refer to as 'G', is unhappy with the service it received from Bank of Scotland plc ("BOS"), including that its Bounce Back Loan ("BBL") was defaulted.

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

What happened

G had a BBL that was in arrears, and on 29 February 2024, BOS issued a formal demand to G for full repayment of outstanding BBL balance. The formal demand explained that if G didn't repay the full BBL balance or come to alternative arrangement with BOS within 14 days, by 14 February, that BOS may then default G's BBL.

Mr M called BOS the next day, on 1 March, having received the formal demand, and explained that he was expecting to secure a new contract which would allow G to clear the arrears in full and that he would update BOS by 8 March – as he would know by that time whether the new contract had been secured.

On 8 March, Mr M called BOS but couldn't confirm whether the new contract he'd been expecting to secure had been secured. Mr M told BOS that he was '90% sure' that the new contract would be secured. And Mr M also told BOS that he was confident that G would be able to clear the BBL arrears in full before 23 March.

On 19 March, Mr M called BOS again. On this call, Mr M explained that the potential client he was in negotiations with wouldn't confirm the new contract until after the start of the new financial year on 5 April. BOS agreed to put the deadline for action on G's BBL back to 26 April, to give Mr M a chance to secure the contract and clear the arrears.

Mr M then called on 23 April and said that he was still negotiating the contract with the potential client. Mr M also asked BOS to wait for a further four weeks, until 24 May, before taking any action. However, BOS then proceeded to default G's BBL after the previous deadline of 26 April had expired. Mr M wasn't happy about this, so he raised a complaint on G's behalf.

BOS responded to G's complaint but didn't feel they'd been wrong to default G's BBL when the amended deadline of 26 April had expired. However, BOS did accept that their agent on the 23 April phone call could have been clearer with Mr M that the 26 April deadline wouldn't be extended further. BOS apologised to Mr M for this and paid £75 compensation to G for any trouble or inconvenience the lack of clarity on this point had caused. Mr M wasn't satisfied with BOS's response, so he referred G's complaint to this service.

One of our investigators looked at this complaint. But they didn't feel that BOS had acted unfairly by defaulting G's BBL, and they felt that BOS's apology and payment of £75 compensation already represented a fair resolution for the poor communication aspect of G's complaint. Mr M didn't agree with our investigator and remained dissatisfied. So, G's complaint 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 don't feel BOS have acted unfairly here by defaulting G's BBL as Mr M contends, and it therefore follows that I won't be upholding this complaint.

One reason I take this position is because the formal demand that was issued to G gave until 14 February for G to either clear the arrears or come to an arrangement to clear the arrears with BOS. But having reviewed the call notes between Mr M and BOS, it's notable that Mr M's explanation on when he would be able to clear the BBL arrears was constantly moving.

Specifically, when Mr M first called BOS on 1 March he said that he would be able to confirm when he could repay the arrears on 8 March. But when Mr M called BOS on 8 March, he then said that the arrears would be repaid by 23 March. And BOS extended the deadline by which G needed to act accordingly at that time.

However, on 19 March, Mr M said that he wouldn't know when he could clear the arrears until after the start of the new financial year, which resulted in BOS extending the deadline again until 26 April – an extension of ten weeks from the original deadline of 14 February. But when Mr M called BOS once again on 23 April, just before that further extended deadline expired, he said that he would need even more time to confirm matters and asked for the already twice extended deadline to be extended for a further four weeks.

I hope Mr M will recognise that there was a pattern to what was happening here such that I don't feel that it was unreasonable for BOS to have been unwilling to extend the deadline any further. Especially given that the initial requirement for G to act within 14 days had been extended by an additional 71 days without any definite action from G being forthcoming.

In their response to Mr M's complaint, BOS accepted that their agent on the 23 April call should have clearly explained to Mr M that the 26 April deadline wouldn't be extended further. And BOS paid £75 compensation to G for their agent not doing this.

Unfortunately, a recording of the 23 April call doesn't exist, and so I've been unable to listen to it. But while it's accepted that BOS's agent didn't clearly explain that the 26 April deadline would be pushed back, I can't see anything in the call notes from that call that confirm that Mr G was told the deadline would be pushed back. Nor is there any other form of confirmation that Mr M was told that the deadline would be extended.

Mr M has said that if he'd been told by BOS's agent on 23 April that the 26 April deadline wouldn't be extended, then he would have acted so that G's BBL wasn't defaulted. And Mr M has said that he could have made a small payment towards the arrears, negotiated an arrears repayment plan, or secured money to clear the arrears from liquidating assets or taking a short-term loan.

But BOS gave Mr M the opportunity to formalise an arrears repayment on several of the calls described above, and on each occasion Mr M declined to do so. And if Mr M could have taken the action he describes above, then I can only ask why he didn't do so at any time during the time that G was in arrears.

Ultimately, given the consistently shifting nature of the information Mr M was giving BOS about when G would be able to make a payment, I'm not convinced that Mr M would have been able to take the necessary action to avoid the defaulting of G's BBL by 26 April, had it

been made clear to him on the 23 April call that he needed to do so by that date.

I also don't feel it was reasonable for Mr M to have expected BOS to have continued to allow G more time for a payment or a repayment plan to materialise, given the sequence of failed promises made by Mr M regarding when payment would be made, as described above.

Finally, I feel that the £75 that BOS have paid to G for the lack of clarity in the 23 April phone call does represent a fair resolution to this aspect of G's complaint, which to confirm I consider to be limited to the service aspect only. And because I don't feel that G would likely have been able to have acted to avoid the defaulting of it's BBL had the 23 April call been more clearly informative, I don't feel that any further action from BOS beyond the £75 compensation payment that they've already paid to G is fairly merited here.

I realise this won't be the outcome that Mr M was wanting. But it follows that I won't be upholding this complaint or instructing BOS to take any further action. I hope that Mr M 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 G to accept or reject my decision before 11 February 2025.

Paul Cooper
Ombudsman